APPROPRIATION COMMITTEE TOWN OF LEXINGTON



REPORT TO THE NOVEMBER 2018 SPECIAL TOWN MEETING #1

Released November 7, 2018

APPROPRIATION COMMITTEE MEMBERS

John Bartenstein, Chair • Glenn P. Parker, Vice Chair • Alan Levine, Secretary Carolyn J. Kosnoff (*ex officio*; non-voting) • Ellen Basch • Eric Michelson Richard Neumeier • Nick Nichols • Sanjay Padaki • Lily Manhua Yan

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Summary of Warrant Article Recommendations

Abbreviations

| EF | Enterprise Fund | CPA | Community Preservation Act |
|----|-------------------|------|---|
| GF | General Fund | DSSF | Debt Service Stabilization Fund |
| | | | |
| RE | Retained Earnings | IP | A motion to Indefinitely Postpone is expected |

Recommendations for Special Town Meeting 2018-1

| Art- icle | Title | Funds Requested | Funding Source | Committee Recommendation |
|--------------|---|--|----------------------|--------------------------|
| 3 | Appropriate for Center Streetscape Design | \$ 650,000 | GF | Approve (8-1) |
| 5 | Appropriate for Hosmer House Reuse Study | \$ 50,000 | GF | Approve (5-4) |
| 6 | Amend FY2019 Operating, Enterprise and CPA Budgets | See below | See below | Approve (9-0) |
| 7 | Appropriate for Prior Years' Unpaid Bills | None | N/A | IP |
| 8 | Establish and Appropriate to and from Specified Stabilization Funds | \$ 94,070.36 \$ 4,766.00 <u>\$ 45,004.00</u> \$ 143,840.36 | GF GF Tax Levy | Approve (9-0) |
| 10 | Amend Zoning Bylaw – 55 & 56 Watertown Street | None | N/A | None |

Preface

The Appropriation Committee is appointed by the Town Moderator and serves as an advisory group to the elected members of Town Meeting. The Committee is required by Town by-law to present its recommendations to Town Meeting prior to any vote involving an expenditure or appropriation of money. This report summarizes the Committee's deliberations and analysis regarding the warrant articles that we deem to have financial significance, along with the vote of the Committee for each article. The Committee also gives oral reports and responds to questions during Town Meeting as necessary, or when important information has become available following the publication of a report. The Committee may choose to update its recommendation on the floor of Town Meeting if new information is presented.

This report is distributed to the members of Town Meeting as a printed document and as an electronic document via the Town website. It is being released electronically on November 7, 2018, and distributed in print at the Town Meeting Members Association information meeting scheduled for the following evening, five days prior to the commencement of Special Town Meeting 2018-1 on November 13, 2018.

Acknowledgements

The content of this report, except where otherwise noted, was researched, written and edited by members of the Committee who volunteer their time and expertise, with the support of Town staff. Our Committee has the pleasure and the privilege of working with our new Town Manager, James Malloy; Assistant Town Manager for Finance, Carolyn Kosnoff; Budget Officer, Jennifer Hewitt; the Capital Expenditures Committee; the Community Preservation Committee; the School Committee; the Permanent Building Committee; Superintendent of Schools, Dr. Julie Hackett; Interim Assistant Superintendent for Finance and Operations, Peter Rowe; and the Board of Selectmen. We thank the municipal and school staff, Town officials, boards and volunteers who have contributed time and expertise to help us prepare this report. Last but not least, we thank Sara Arnold, who records and prepares the minutes of our meetings.

Introduction

This introduction provides a brief overview of significant budgetary developments since the close of the Annual Town Meeting, the reasons for convening a special town meeting this fall, and the major financial issues which will be addressed.

Committee Membership

Since the Annual Town Meeting, the Committee has seen the departure of two members, Jian Helen Yang and Andrei Radulescu-Banu, who were succeeded by Glenn P. Parker and Nick Nichols. We thank Helen and Andrei for their commitment and service to the Committee.

Reserve Fund

Following the 2018 Annual Town Meeting, the Committee approved a transfer from the FY2018 Reserve Fund of \$106,000 to fill an unforeseen gap in funding needed to support a master planning process by the School Committee. The balance of \$794,000 flowed to Free Cash as of July 1, 2018.

As of publication, the Committee has approved no Reserve Fund transfers during FY2019, and this fiscal year's balance remains at \$900,000.

Special Town Meeting

The Town called this Special Town Meeting in part because of two requests for zoning changes, one of which has since been withdrawn. Because most zoning changes have an indirect, and often only marginal, effect on the finances of the Town, the Appropriation Committee does not routinely comment on them.

However, the Committee may from time to time consider cases where a zoning request anticipates a new development that could have a material impact on the demographics and finances of the Town. Article 10, a proposal to rezone land on Watertown Street currently owned by the Belmont Country Club to permit the construction of a senior living facility with 156 independent/assisted living units and 48 memory care units, presents such a case due to the large number of new dwelling units and the accompanying age restrictions. In this report, the Committee offers its commentary on the proponent's financial impact analysis, which is typically provided by developers of any large project coming before the Planning Board. The commentary does *not* conclude with any recommendation, either for or against, the proposed rezoning, but we hope that our report provides some insight into the relevant financial considerations.

The Town continues on a path of steady growth with a significant addition from "new growth" to the total assessed value of properties, which in turn raises the levy limit for the Town. This Special Town Meeting provides an opportunity to recognize actual FY2019 new growth realized in excess of the estimate used at the 2018 Annual Town Meeting—in this case an increment of about \$770,000. This additional revenue may be used to fund operating and/or capital needs that have arisen since the FY2019 budget was approved.

One capital need originally anticipated to be presented at this Special Town Meeting has been rendered moot. At a summit meeting held in June 2018, the School Department presented an urgent need for additional science laboratory classrooms at Lexington High School due to enrollment growth. The initial proposal was to construct two new science laboratory classrooms, which would have required an appropriation at this Special Town Meeting of approximately \$1 million. Subsequently, the School Department determined that, for the coming year, the need could be resolved by scheduling changes. Consequently, the request for construction funds was withdrawn.

Finally, this is an opportunity to implement timely adjustments and corrections to the budget for the current fiscal year. Such adjustments simplify the Town's financial management by making funds available sooner, rather than deferring action until the spring. This also reduces the amount of budgetary work needed at the following annual town meeting.

Warrant Article Analysis and Recommendations

| Article 2018-1.3: Appropriate for Center Streetscape Design | | | |
|---|--|---------------|--|
| Funds Requested Funding Source Committee Recommendation | | | |
| \$650,000 GF Approve (8-1) | | Approve (8-1) | |

This article seeks an appropriation of \$650,000 from the General Fund to complete the design work for the Center Streetscape project. The Center Streetscape project addresses pedestrian and bike rider safety issues, as well as accessibility problems in the Center Business District stemming from roadways, sidewalks and lighting designed and constructed over fifty years ago. The Town anticipates that design work would be completed in time to support a request for appropriation of the construction funds necessary to complete the project, the total cost of which is now estimated at approximately \$9.4 million, at the 2019 Annual Town Meeting.

The current Center Business District roadway and sidewalk configuration was the result of a revitalization project designed by prominent local landscape architect Hideo Sasaki and constructed in the mid 1960's. While this project created an attractive Mid-Century Modernist atmosphere that for years made our center stand out, the aged infrastructure now has many shortcomings including: a high number of accidents where pedestrians and bikers have been injured (or even killed) by motor vehicles; sidewalks and crosswalks that do not meet current accessibility standards; deteriorating brick sidewalks that are uneven and have created stumbling and mobility hazards; and a roadway surface that needs regrading and resurfacing.

At the 2012 Annual Town Meeting, \$240,000 in design funds were appropriated to study Massachusetts Avenue, from the Woburn Street intersection to the Meriam Street intersection, and to address, among other things, the deficiencies in the current layout that contributed to these accidents. At the 2014 Annual Town Meeting, \$600,000 was appropriated to bring forward a 25% design for renewed roadways, sidewalks, lighting and amenities on this stretch of road. Beta Associates was engaged for this work and, about halfway through the design process, initial designs were presented. Beta's proposed design met community resistance, in part because of a perception that it disregarded the historic aspects of the center's Mid-Century Modernist design. The Board of Selectmen subsequently convened the Ad Hoc Center Streetscape Design Advisory Committee to develop community-based acceptable design standards for sidewalk materials, lighting, trees, signage, furnishings, and accessibility. When controversy concerning the signalization of the Woburn Street intersection arose, the Board removed that intersection from the project.

The updated 25% design incorporates the standards developed by the Ad Hoc committee and covers work that will affect Massachusetts Avenue from the Police Station driveway to the front of Cary Memorial Library, and Waltham Street from Vine Brook Road to the Massachusetts Avenue intersection. Estimated construction costs are detailed below.

| Construction Items | 2020 Dollars |
|-----------------------------------|--------------|
| General Conditions/Site Prep | \$ 454,500 |
| Roadway | \$ 1,593,975 |
| Sidewalk | \$ 2,267,750 |
| Landscaping | \$ 1,626,000 |
| Lighting | \$ 1,025,000 |
| Site Furnishings | \$ 525,125 |
| Subtotal Construction | \$ 7,492,350 |
| | |
| Police Details (10%) | \$ 750,000 |
| Construction Administration (15%) | \$ 1,130,000 |
| Total Project Cost | \$ 9,372,350 |

This appropriation would fund the advancement of the design from the 25% completion level to the 100% level, including the creation of construction documents. This work would also entail further refinement of construction cost estimates, which could then be used in the preparation of a request for construction funds for the 2019 Annual Town Meeting.

The committee finds the proposed plan to be a reasonable consensus solution to the critical problems in the scope of the project. However, because our town faces a long list of capital projects and a strained tax-base, we would expect the ultimate project financing plan to incorporate funding from existing capital maintenance programs, such as Chapter 90 and budget set-asides already dedicated to roadway and sidewalk renewal, in addition to general fund cash, CPA funding and non-exempt debt.

The proposed funding source for this design work is new General Fund cash resulting from an increase in the estimate of "new growth" revenue for the current fiscal year. For additional information on the funding source, see the discussion of proposed amendments to the FY2019 operating budget under Article 6.

The Committee recommends approval of this request (8-1).

| Article 2018-1.5: Appropriate for Hosmer House Reuse Study | | | | |
|--|----|---------------|--|--|
| Funds Requested Funding Source Committee Recommendation | | | | |
| \$50,000 | GF | Approve (5-4) | | |

The current design for the new Police Station requires additional real estate that is currently occupied by the Hosmer House. The Hosmer House falls under the jurisdiction of the Historic District Commission, which has placed limits on how far away from its original site the structure can be relocated. The Town has previously invested funds to restore and fortify the exterior envelope of the structure against the elements, but the building currently serves no purpose for the Town.

This article would fund a feasibility study to determine feasible locations and future uses for the Hosmer House. As with the prior article, the proposed funding source for this study is new General Fund cash resulting from an increase in the estimate of "new growth" revenue for the current fiscal year. For additional information on the funding source, see the discussion of proposed amendments to the FY2019 operating budget under Article 6.

The Committee recommends approval of this request (5-4).

| Article 2018-1.6: Amend FY2019 Operating, Enterprise and CPA Budgets | | | | |
|--|-----------|---------------|--|--|
| Funds Requested Funding Source Committee Recommendation | | | | |
| See below | See below | Approve (9-0) | | |

Town staff have proposed several modest adjustments to the current FY2019 Operating and Enterprise Fund budgets, most of which may be characterized as housekeeping actions. The adjustments can be divided into four main categories: revenue adjustments, operating budget, enterprise funds, and new capital requests.

Line numbers in the tables for this section refer to budget categories in the FY2019 Recommended Budget and Financing Plan.

The capital requests mentioned below are new budget items that were not part of the original FY2019 budget. Motions to appropriate funding for these projects will be presented under separate articles at this Special Town Meeting.

In addition, one necessary, but minor technical correction to the FY2019 budget has no financial impact. There was a transcription error in the motion for Article 4 of the 2018 Annual Town Meeting. Line 1200 of the budget for "Regional School" was shown as \$2,216,217, but the correct amount was \$2,126,217. The correct number was used in all budget calculations, so there is no financial impact to the budget.

Revenue Adjustments

The Town has revised its estimated new growth for FY2019 from \$2,500,000 to \$3,270,004. This represents an addition of \$770,004 in potential revenue for the General Fund, assuming the tax rate is set to collect funds up to the levy limit.

In addition, subsequent to the 2018 Annual Town Meeting, the State began assessing fees to ride-sharing companies, such as Uber and Lyft, to support a state-created Transportation Network Company (TNC), and a portion of those fees are distributed to municipalities. The Town received \$12,211 from this source which is held in a special revenue fund and must be appropriated before it can be expended.

Finally, the Town's estimate of annual investment earnings from the *Cemetery Perpetual Care Fund* is being adjusted downward from \$75,000 to \$50,000, a net reduction of \$25,000.

The net result is \$757,215 in additional revenue now available for appropriation from the General Fund.

Operating Budget

Funds for an additional Social Worker were approved for FY2019; however, the position will not be filled until January 2019. In the meantime, the School Department will provide mental health referrals to William James Interface. Consequently, a portion of the original appropriation will be shifted from Personal Services to Expenses. This service will be funded using a portion of the FY2019 municipal appropriation for this position. In the FY2020 budget, the School Department will fully fund this position.

| Line | Description | From | To | Change |
|------|----------------------------------|------------|------------|-------------|
| 6000 | Human Services Personal Services | \$ 669,089 | \$ 656,589 | \$ (12,500) |
| 6000 | Human Services Expenses | \$ 796,195 | \$ 808,695 | \$ 12,500 |

New revenue from the TNC assessment will be appropriated to fund the Senior/LexConnect Program. Note that this involves a further adjustment to the Human Services Expenses line item shown above.

| Line | Description | From | То | Change |
|------|-------------------------|------------|------------|-----------|
| 6000 | Human Services Expenses | \$ 808,695 | \$ 820,906 | \$ 12,211 |

The Board of Health Director position is currently vacant, so the position will be filled temporarily by a contractor. The changes below shift funds from Personal Services to Expenses to cover that arrangement.

| Line | Description | From | То | Change |
|------|----------------------------|--------------|--------------|-------------|
| 7000 | Land Use Personal Services | \$ 2,014,038 | \$ 2,004,038 | \$ (10,000) |
| 7000 | Land Use Expenses | \$ 433,598 | \$ 443,598 | \$ 10,000 |

It is proposed that all remaining surplus revenue be appropriated into the Capital Stabilization Fund. The article number in the table below refers to the Warrant for the 2018 Annual Town Meeting.

| Art- icle | | From | То | Change |
|--------------|----------------------------|--------------|--------------|-----------|
| 26 | Capital Stabilization Fund | \$ 3,415,331 | \$ 3,460,335 | \$ 45,004 |

Water/Sewer Enterprise Funds

Final MWRA assessments for water and waste-water (sewer) services were slightly lower than initial estimates used in the 2018 budget. This change makes the necessary adjustment.

| Line | | From | То | Change |
|------|----------------------------|--------------|--------------|--------------|
| 3620 | MWRA Water Assessment | \$ 7,179,738 | \$ 7,128,806 | \$ (51,732) |
| 3720 | MWRA Wastewater Assessment | \$ 7,634,368 | \$ 7,402,979 | \$ (231,389) |

Capital Requests

If approved at this Special Town Meeting, two new capital requests will be funded by additional capacity in the General Fund resulting from the increased estimate of "new growth". The article numbers in the table below refer to the Warrant for this Special Town Meeting. These items are each covered separately in this report and they are not included in the motion for this article.

| Article | Project | Amount |
|----------|---------------------------|------------|
| 2018-1.3 | Center Streetscape Design | \$ 650,000 |
| 2018-1.5 | Hosmer House Reuse Study | \$ 50,000 |

The Committee recommends approval of this request (9-0).

| Article 2018-1.7: Appropriate for Prior Years' Unpaid Bills | | | | |
|---|----------------|--------------------------|--|--|
| Funds Requested | Funding Source | Committee Recommendation | | |
| None | N/A | IP | | |

This article was included in the warrant to allow Town Meeting the opportunity to appropriate payment for goods and services received by the Town during the previous fiscal year (FY2018) where the bill was received after the close of the fiscal year and no funds were encumbered. No such bills have been identified at this time.

The committee supports indefinite postponement of this request.

| Article 2018-1.8: Establish and Appropriate To and From Specified Stabilization Funds | | | |
|---|--|----------------------|--------------------------|
| Funds | Requested | Funding Source | Committee Recommendation |
| Deposit | \$ 94,070 \$ 4,766 <u>\$ 45,004</u> \$ 143,840 | GF GF Tax Levy | Approve (9-0) |

The State statute authorizing towns to create and maintain a stabilization fund (G.L. c. 40, § 5B) was amended in 2003 to permit the creation of stabilization funds for specified purposes. Multiple funds may be created for different purposes. They are separate and independent accounting entities. Each specified stabilization fund holds monies that may later be appropriated only for the stated purposes. Lexington's first specified stabilization funds were established at the 2007 Annual Town Meeting. A history and description of these funds can be found in Appendix E of the Appropriation Committee's Report to the 2018 Annual Town Meeting.

An article similar to this one is now routinely included in annual and special town meeting warrants to give Town Meeting the opportunity to act in relation to specified stabilization funds. Town Meeting may create a specified stabilization fund, alter a fund's specified purpose, or make an appropriation into or out of a fund. As a result of the 2016 Municipal Modernization Act, appropriations into a fund are now approved by a simple majority, but appropriations out of a fund still require a two-thirds majority. Appropriations into specified stabilization funds do not authorize expenditures, but rather are transfers of funds into accounts for specified future uses.

Creation of Ambulance Stabilization Fund

This article proposes to create one new fund, an *Ambulance Stabilization Fund*. The Memorandum of Understanding (MOU) which the Town has negotiated with National Development in connection with the proposed Watertown Street rezoning under Article 10 would require a \$150,000 payment towards a future ambulance purchase. This fund is being created to hold National Development's payment (should Article 2018-1.10 pass), as well as similar payments under future MOU's. This fund would be used solely for the purchase of ambulances for the Town.

Status of Funds and Appropriation Requests

The balance of each existing fund, the amount recommended for appropriation into each fund (if any), and the amounts proposed to be withdrawn from each fund (if any), are as follows:

| Specified Stabilization Fund | Balance as of 6/30/2018 | Amount to be Deposited | Amount to be Withdrawn |
|---|----------------------------|------------------------------|------------------------------|
| Center Improvement District S.F. | \$ 61,628 | - | - |
| Debt Service Stabilization Fund | \$ 664,828 | - | - |
| Section 135 Zoning Stabilization Fund | - | - | - |
| Special Education Stabilization Fund | \$ 1,105,262 | - | - |
| Traffic Mitigation Stabilization Fund | \$ 321,751 | - | - |
| Transportation Demand Management S.F. | \$ 226,906 | \$ 94,070 | - |
| Transportation Management Overlay District S.F. | \$ 333,310 | \$ 4,766 | - |
| Capital Stabilization Fund | \$ 28,597,934 | \$ 45,004 | - |
| Visitor's Center Capital Stabilization Fund | \$ 242 | - | - |
| Water System Capital Stabilization Fund | - | - | - |
| Affordable Housing Capital Stabilization Fund | - | - | - |

All deposits into specified stabilization funds are covered under this article. No withdrawals from any of the funds are planned for this Special Town Meeting.

This article proposes to appropriate \$94,070 into the *Transportation Demand Management Stabilization Fund*. This includes a one-time payment of \$37,500 from Pinnacle Park and annual payments made under previous Memoranda of Understanding (MOUs). The fund was initially created to support the Lexpress bus service and the 2016 Annual Town Meeting extended the purpose of this fund to "supporting the planning and operations of transportation services to serve the needs of town residents and businesses."

This article also proposes to appropriate \$4,766 into the *Transportation Management Overlay District Stabilization Fund*. This includes the first payment made under the 3 Maguire Road MOU. The fund was created for the purpose of financing transportation infrastructure improvements.

This article also proposes to appropriate \$45,004 of surplus revenue into the *Capital Stabilization Fund* that was created for the purpose of setting aside funds to finance future capital projects of the town.

As of publication there were no other monies to be transferred into stabilization funds. However, if any payments are received prior to the vote on this article, those payments would be deposited into special revenue accounts. The motion would then be revised to allow Town Meeting to transfer the money into the specified stabilization fund from those corresponding special revenue accounts.

The Committee recommends approval of this request (9-0).

| Article 2018-1.10: Amend Zoning Bylaw – 55 & 56 Watertown Street | | | |
|--|----------------|--------------------------|--|
| Funds Requested | Funding Source | Committee Recommendation | |
| None | N/A | None | |

This article seeks approval of a rezoning to allow 116 independent living units, 40 assisted living units, and 48 memory care units to be built under the names of Waterstone and Bridges at 55 & 56 Watertown Street on open land now owned by Belmont Country Club. The proposed sites are currently zoned as Residential Outlying (RO) which allows single-family homes on lots with a minimum lot size of 30,000 square feet to be built by right. Further information on the proposal may be found in the report of the Planning Board to this Special Town Meeting.

Here we comment on the possible fiscal impacts of the proposed project. There are also significant non-fiscal aspects to this rezoning request, and our analysis is not intended to establish either a positive or negative position with respect to approval of this article. Rather, it is solely intended to help inform Town Meeting in terms of the fiscal impacts of the proposal. The Committee makes no recommendation on this article.

Developer's Fiscal Impact Study

The developer has submitted a revised "fiscal impact" study. This study considers the revenue that would be directly received by the Town and the expenses that would be incurred by the Town in directly servicing the facilities and residents thereof. The study estimates annual recurring revenues of \$785,800 from real estate and personal property taxes, excise taxes on residents' vehicles, ambulance receipts, and health inspection fees. The study estimates annual Town expenses of \$408,300, primarily due to providing additional ambulance, fire, and police services for the residents.

These estimates do not include the impact on the Town's shared expenses, including the health insurance and retirement plans for any new Town staff hiring attributable to this development. The impact on shared expenses would reduce the estimated net positive impact modestly, but not enough to drive it negative.

There may also be incremental costs in other departments (e.g., senior programs at the Community Center) not considered in the developer's impact study, but again they would be unlikely to change the positive sign of the net estimate.

Memorandum of Understanding

This report is conditioned on our understanding that the Town and the developer will sign a memorandum of understanding (MOU) which includes, among other things, a commitment from the developer to cover the cost of extending water and sewer services to the two sites, and one-time payments for improvements to infrastructure and emergency response services.

Impacts Relative to Alternative Land Uses

The Committee believes that when evaluating the net fiscal impact of a proposed project, it is essential to consider the revenues and costs *relative* to the likely alternative use of the land if the project were not undertaken. One possibility is the land would remain undeveloped, in which case the revenues from the proposed development should be reduced slightly to reflect the loss of the minimal property taxes now collected on the land (which has conservation restrictions). As a result, considering the impacts of the proposed development relative to the status quo land use probably would not make much difference.

Consideration of alternative uses of the land could have a much larger effect if they involved other types of development. Considering the current owner's interest in selling the property to raise revenue, it seems unlikely that the land will remain undeveloped. The most obvious alternative use would be to develop single-family homes as allowed by right under the current RO zoning. The developer has submitted plot plans showing that 13 single-family houses could be built on lots of 30,000 square feet or more. If those houses and their lots averaged assessed values of \$1.5 to \$2 million, the annual property tax revenues would total about \$280,000 to \$370,000, substantially less than the revenue from the proposed development.

On the expense side, it is likely that such houses would be occupied primarily by families with school-age children, which would increase school department expenses, which currently average about \$20,000 per pupil per year. If the 13 households averaged 1.5 children each, the additional school expenses would be about \$390,000, which is more than the incremental property tax revenues even before incorporating other Town costs associated with 13 new single-family homes. Over time, the number of school-age children in the households might decline (if the new families stayed in Lexington after their children graduated), lowering incremental school costs, but other, non-school costs would remain.

Financially speaking, the development of 13 single-family houses would be less attractive than the currently proposed development.

Possible Indirect Effects

The proposed development also would have indirect fiscal impacts, although those are even more difficult to predict. The original impact study submitted by the developer argued that because about 25 percent of the residents are likely to be existing Lexington residents, only 75 percent of the estimated costs should be counted against the project, because they would have been incurred even absent the development. That argument assumed that, absent the proposed development, those residents would have stayed in their existing Lexington housing and would not have moved to elderly (or other) housing elsewhere. To the extent they would have moved elsewhere anyway, there would be no reason to reduce expenses associated with the proposed development, because the properties would have turned over in any event.

More importantly, if the proposed development triggered the movement of existing elderly Town residents who would otherwise stay in their homes in Lexington, the existing housing they vacate would be occupied by new households. Presumably those new town residents would include families with school-age children, which would, on average, increase Town expenses. The change in occupants of existing housing would not increase tax revenues except to the extent new owners make substantial improvements that raise assessed values. As a result, indirect impacts associated with existing elderly residents moving into the development probably would reduce the relative fiscal attractiveness of the proposal, though the costs attributable to any such effects are extremely uncertain. Moreover, over time those extra indirect costs would tend to shrink toward zero as more and more of the existing elderly households that moved into the new development would have moved out of their Lexington homes in any event.

Conclusion

We have attempted to take a broad look at the financial effects that might result from the current proposal in a context that considers alternative uses of the sites. Even though we find that there are a number of effects whose magnitudes are extremely difficult to estimate, our analysis suggests that the proposed project likely would not have impacts sufficiently large in either a positive or negative sense to be the primary factor in consideration of this article.

The Committee takes no position on this request.