

**Minutes**  
**Town of Lexington Appropriation Committee**  
**March 22, 2007**

Place and time: Room 111, Town Office Building, 8:00 PM

Members present: Alan Levine (Chair), Deborah Brown (Vice-Chair), John Bartenstein (Secretary), Rod Cole, Rick Eurich, David Kanter, Mike Kennealy, Eric Michelson, Rob Addelson (ex officio, non-voting)

The meeting was called to order at 8:20 PM.

Others present: Rachel Dorr, Board Member and Clerk, Supportive Living, Inc. ("SLI"); Charles Lamb, Capital Expenditures Committee; Joel Adler, Community Preservation Committee; Dawn McKenna.

Deborah Brown provided an update from the March 21 School Committee Meeting. The School Committee approved a budget of \$69,756,487 for FY08, with \$4,636,987 in at-risk items. Rob Addelson said that the Town's "Fiscal Year 2008 Recommended Budget & Financing Plan" (the Brown Book) would be available on March 23; the first day that Town Meeting can discuss the school budget is therefore April 23, while the other financial articles could be discussed beginning on April 9.

The Committee then discussed with Rachel Dorr the Douglas House project which is being proposed to receive \$300K of Community Preservation Act funds in FY2008. Douglas House would be for survivors of brain injury; the project would produce 15 units, and brain injury would be a criterion for living there. The project is designed for low income residents who will pay a low amount of rent and continue to receive services through their existing insurance plan. There would be two staff members working at night and at least two at all times during the day plus a registered nurse and a program supervisor, all provided by New England Rehab Hospital. The staff would help tenants to get out to their activities/jobs, make sure that the personal care attendants and medicine are on site, and perform other duties. SLI is strictly the developer, landlord, operator, and manager of the project.

Rents would be approximately \$750 per unit per month for 11 units. Nine of the eleven units would be subsidized by HUD, while two would have no particular subsidy. In the case of those two units, SLI will create an "internal subsidy". The remaining 4 units will be charged rent at a market rate; some tenants will have assets, from an insurance claim for example, where they typically get \$300-400 per day from an insurance company and pay \$100-150 per day for housing. All 15 units count as affordable housing under Chapter 40B and Lexington residents would be given preference for two of the units. SLI does not know who the tenants will be, but at least three Lexington residents are potentials tenants.

SLI will end up with mortgage on the land of approximately \$600,000 from Brookline Savings Bank, which will require annual payments of \$67,000. SLI is required to have a budget but does not make a profit. SLI operates in Woburn and North Reading and does not pay taxes or payments in lieu of taxes (PILOTs) in those towns, but does not intend to seek tax-exempt status in Lexington and, therefore, has budgeted a tax payment. The project is also financed by an allocation from the state of low-income tax credits of around \$160,000; SLI would establish a limited partnership or LLC to own the building and the investors in the LP or LLC would then receive the tax credits for 15 years. The deed on the property will say that it must be affordable housing “forever,” and SLI would be required by HUD to not sell the property for 40 years. Rachel commented that almost all affordable housing projects like this are currently being developed in this manner.

SLI faces a financing gap of \$300,000 vs. its original estimate and hopes to begin construction in May 2007. SLI estimates that it would initially pay \$16,000 annually in taxes, a payment which implies an assessed value of \$695K. Rob Addelson commented that once the project is developed the property taxes would be calculated on an income basis, which would result in a much lower tax payment. At the Committee’s request, SLI will send the Committee (1) a copy of the letter agreement stating that SLI will not seek tax exempt status for Douglas House, and explaining the duration of that commitment; and (2) a copy of SLI’s budget for the project.

Dawn McKenna stated that the Town has subsidized projects like this before and that she believes the project represents a good way to leverage the Town’s dollars since the Town would not be able to create affordable housing units for \$20,000/unit.

The Committee voted 5-0-3 to support the project with the understanding that the Committee will receive the two items requested from SLI.

The Committee then discussed other articles of the 2007 Town Meeting warrant:

31a – currently at \$400,000, though could end up being 15% higher.

31b – Committee approved 8-0-0.

31d – Committee approved 7-1-0.

31j – Rob Addelson will come back to the Committee with more information on what these funds are being used for in FY07 and further clarification.

31k – Committee approved 8-0-0.

31m – Committee approved 7-1-0.

The meeting was adjourned at 10:30 PM.

Respectfully submitted,

Mike Kennealy

*Approved June 21, 2007*