



May 10, 2018

Mr. Steve Senna
Vice-President
National Development
2310 Washington Street
Newton Lower Falls, MA 02462

Reference: Proposed Waterstone/Bridges at Lexington

Dear Mr. Senna,

I am pleased to submit the enclosed fiscal impact analysis of your proposed Waterstone/Bridges at Lexington development. Please review the attached report and let me know if you have any questions.

Sincerely,

BARRETT PLANNING GROUP, LLC

A handwritten signature in black ink that reads "Judith A. Barrett". The signature is written in a cursive style with a large, stylized initial 'J'.

Judith A. (Judi) Barrett
Principal

1. SUMMARY

Waterstone/Bridges at Lexington will have a favorable fiscal impact on the Town of Lexington. At completion, the 116 independent living units and 40 assisted living units at Waterstone and 48 memory care units at Bridges will provide \$1.00 in General Fund revenue for every \$0.621 cents the Town spends to provide services to the development's residents, i.e., a cost-revenue ratio of 0.620. The cost-revenue ratio for this development has been calculated using a conservative approach to forecasting municipal expenditures and revenue. Please note that all dollars expressed in our report are based on Lexington's budgeted revenues and expenditures for FY 2018 (the current fiscal year) and estimated market values for 2018.

REVENUES

Waterstone/Bridges will generate the following annual and one-time revenues to the Town of Lexington:

- **Total annual General Fund revenue:** \$495,600
 - **Real estate taxes:** \$376,500, including \$297,100 from Waterstone and \$79,400 from Bridges. These figures assume an average assessed value per unit of \$133,200 and \$115,700 respectively, and the Town's FY 2018 residential tax rate of \$14.30.
 - **Personal property taxes:** \$37,400, based on an assumption of \$1.35 million in taxable assets and the nonresidential tax rate for this year of \$14.26.
 - **Excise taxes:** approximately \$17,400 for Waterstone (assuming one car per independent living unit for 75 percent of the units, as explained below).
 - **Ambulance receipts:** \$63,500, which represents an estimate of 127 calls per year with an average reimbursement of \$500 per call
 - **Health inspection fees:** \$800 (rounded), the annual receipts for food service and pool inspections.
- **Nonrecurring General Fund revenue:** one-time revenue from construction permit fees of \$387,600 (paid in CY 2019)

EXPENDITURES

Waterstone/Bridges will place some demands on Lexington's municipal services, principally the Fire & Rescue and Police departments and to a much lesser extent, the Health Department. The most conservative way to calculate the likely fiscal impact of new real estate development is to impute the costs of municipal services by extrapolation and proration based on the historical budgets of the affected town departments. This approach is conservative because it does not take

into account the fixed costs for providing services or any existing surplus capacity of departments, personnel, or equipment.

It is important to note that based on the developer's experience, about 25 percent of the residents in Waterstone/Bridges will be relocating from existing single-family homes elsewhere in Lexington. As such, the demand they may place on town services (such as emergency medical services) is *not* net new demand, but rather demand that is relocated within Lexington. (This is why the projected excise tax revenue is based on 75 percent of the units at Waterstone, not 100 percent.) The seniors living at Waterstone/Bridges will likely move from single-family homes or other conventional housing settings not designed and built for seniors, typically with far less round-the-clock support, assistance, and supervision than they will receive in the proposed senior residential community. As a result, it is reasonable to assume that Lexington's relocated seniors will place somewhat fewer demands on municipal services after they move into Waterstone/Bridges than if they had stayed at their prior residence. Nevertheless, to present the Town with what we consider the "worst case" fiscal scenario, for the purposes of forecasting impacts to Town expenditures for increased municipal services associated with the Waterstone/Bridges projects, we estimate that Waterstone/Bridges will have the following impact on Lexington's operating budgets:

- **Total annual General Fund expenditures:** \$306,800
 - **Fire & Rescue Department:** \$281,400, mainly for ambulance service - \$203,100 - along with fire department response at \$77,100 and annual inspections estimated at \$1,200.
 - **Police:** \$24,400, or approximately 101 calls at an average cost of \$240 per call.
 - **Health:** \$1,000 for food service and pool inspections.

Based on the above analysis, the net fiscal impact of the Waterstone/Bridges project is projected to be at least \$188,800, but it may be even more favorable to the Town after factoring in fixed costs, surplus capacity, and resident relocation.

2. PROJECT OVERVIEW

National Development has engaged Barrett Planning Group LLC to analyze the fiscal impact of a proposed senior housing campus on 18 acres of land on Watertown Street, currently owned by the Belmont Country Club ("Site"). Upon completion, Waterstone/Bridges at Lexington will offer 156 independent living/assisted living units and 48 memory care units ("Project"). It will combine the features of other senior housing communities created by National Development and Epoch Senior Living, partners for the proposal in Lexington, such as Waterstone at Wellesley and

Bridges at Westwood. Understanding the nature of this planned development matters because its impact on the town is inextricably tied to the type of housing it offers and the make-up of its resident population.

“Independent living” is an industry term for senior apartments amenitized with social, leisure, recreational, and transportation facilities and services, housekeeping, and congregate dining. Though not intended for elders needing in-home medical care or support for activities of daily living (ADL), independent living is not the same as “active adult” or “over-55” housing. As indicated in their formal development proposal materials submitted to the Town of Lexington, National Development will place an age restriction on the Waterstone independent/assisted living community, limiting occupancy to people 62 years and over. In fact, National Development would like Lexington’s local approvals and permits for this project to explicitly require all household members of all of the apartments at Waterstone to be 62 years or older. A development that is intended for and solely occupied by people 62 years of age or older is allowed as a “Housing for Older Persons” exemption under the federal Fair Housing Act.

By contrast, there will not be any age restrictions for the Bridges memory care assisted living community (which by definition will not have any school-age children as residents). Having no age restriction at Bridges will allow National Development to serve any potential residents under the age of 62 with early-onset Alzheimer’s or other forms of dementia, though these cases are extremely rare.

Independent living caters to older adults, and often to people who would otherwise live alone. “Assisted living” is a state-certified, 24-hour staffed residence that can be thought of as an intermediate setting between independent living and long-term care. National and state-level data sources show that on average, assisted living residents are women in their mid- to late-80s living alone. They reside in an apartment-style unit in assisted living because they may need assistance with medication management, ADL, housekeeping, meals, and so forth, but not the more complex health care services delivered in nursing homes. Memory care is a more staff-and-services-intensive branch of assisted living that serves residents with Alzheimer’s and other forms of dementia.

Today, independent living developments often bring assisted living-type services to their residents to let them remain in their unit as long as possible, and it is very common for assisted living and independent living to be developed together on one site or adjacent sites. As is the case for the proposed project, both independent living and assisted living typically operate as rental

housing with enriched services, whereas “active adult” developments typically offer for-sale housing geared toward empty nesters and early retirees seeking to downsize. The populations in “active adult” and independent living/assisted living are quite different. As a result, the demands they place on municipal services differ, too.

LOCATION

Waterstone/Bridges at Lexington will occupy two parcels on opposite sites of Watertown Street south of the Route 2/Watertown Street (Exit 56) interchange. The 48-unit assisted living/memory care residence is proposed for a 4+-acre site on the east side of Watertown Street (“Lot A”) and to the west, the independent living/assisted living units will be constructed on approximately 14 acres (“Lot B”). Both parcels lie entirely within the Town of Lexington, but they abut or lie very close to the towns of Arlington and Belmont.

PROCESS AND TIMELINE

The Project requires approval from Lexington Town Meeting under the Planned Development District (“PDD”) provisions of the Lexington Zoning Bylaw at Section 7.3. This provision sets the procedures for creating a PDD tailored to a specific site or location. The first critical step in the process involves preparing a preliminary site development and use plan, which effectively creates the zoning regulations for the property. If Town Meeting approves a preliminary site development and use plan for Waterstone/Bridges at Lexington, National Development’s next step would be to seek site plan approval from the Lexington Planning Board to construct the Project substantially as shown on the preliminary site development and use plan. As currently planned, National Development hopes to seek PDD approval at a Fall 2018 Special Town Meeting and commence construction in March 2019. The memory care residence would be completed within a year (March 2020), and the larger independent living residence, in about 18 months (September 2020). For fiscal impact purposes, “stabilization” means when a project is completed, has obtained a certificate of occupancy, and is fully occupied and operating. This report assumes that “stabilization” for the memory care residence will occur in Fiscal Year (FY) 2021 and the independent living residence, FY 2022.

UNDERSTANDING FISCAL IMPACT

Fiscal impact is the relationship between General Fund revenues and municipal and school service costs associated with a given land use. We express that relationship as a ratio of service costs to revenue, or a “cost-revenue ratio.” A land use that generates more revenue than service costs is “revenue positive,” i.e., a ratio <1.00, or a low cost-revenue ratio. A “revenue neutral” land use represents the break-even point (1.00), and a “revenue negative” land use costs more in

community services than the amount of revenue it produces (>1.00), or a high cost-revenue ratio. The ultimate questions for any fiscal impact analysis is this: can the proposed development generate enough General Fund revenue to pay for itself? Is it likely to have a positive or negative impact on the tax rate?

A fiscal impact analyst typically begins by determining the amount of General Fund revenue that various land uses already generate and the community's General Fund expenditures to serve those land uses. This type of existing conditions assessment matters because fiscal impact studies have to rely on known land use and municipal finance conditions in order to predict the unknown – that is, the impact of a project that has not yet been constructed.

It is important to note that the service cost projections in a fiscal impact analysis may not materialize as actual changes in spending. Our job is to quantify the impact of Waterstone/Bridges on Lexington's municipal operations, but we do not control decisions that Lexington's local officials and town meeting will make later. To refine and update some of the assumptions we use in our fiscal impact studies, we often do a post-construction and occupancy assessment of projects that we reviewed during the permitting phase. On balance we have found that our forecasts of community service demands were quite accurate. In some cases, the communities made spending decisions to address those demands, e.g., by approving budget increases for the affected departments as development-generated revenues increased. In other cases, the municipal service demands we predicted did materialize, but the communities declined to increase funding for the affected departments even though there was enough development-generated revenue for mitigation. Instead, the revenue growth was allocated to other municipal operations or the school department. Cities and towns make appropriation decisions based on local policies and priorities, not on estimates and projections reported by fiscal impact analysts.

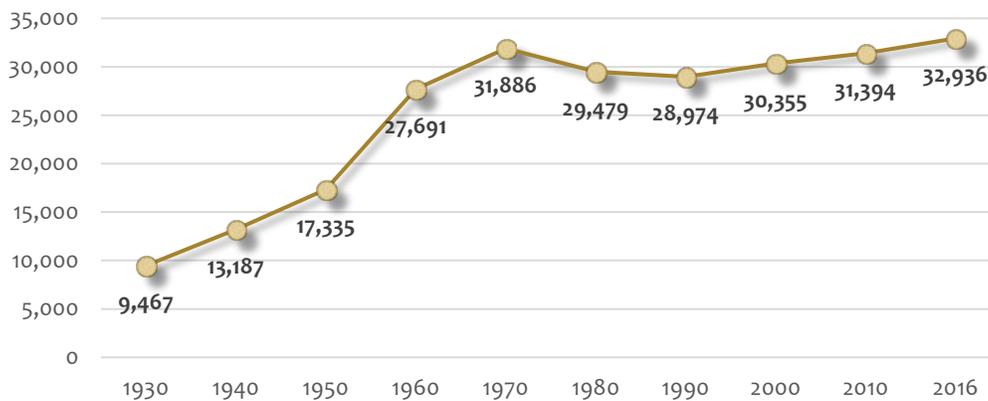
Finally, it is important to note that fiscal impact studies focus on General Fund revenues and expenditures for municipal and school services. Other types of local revenue are excluded, such as water or sewer enterprise funds or Community Preservation Act (CPA) funds.

3. LEXINGTON DEMOGRAPHICS

Lexington is a prestigious suburb of Boston with a renowned K-12 school district. The Census Bureau estimates that 32,936 people currently live in Lexington, and the overwhelming majority (98.4 percent) of them are in some type of household.¹ Lexington’s population has been growing steadily since the 1990s after decreases that occurred between 1970 and 1990 (see chart), or the “post-Baby Boom” era.² Like many Greater Boston suburbs, Lexington grew dramatically following World War II, but the town was already growing by then because of its proximity to Boston and access along the then-new Route 128. Much of the housing in Lexington is mid-century stock – homes that have frequently become today’s teardowns as the market demands larger, more valuable residences.

Fig. 1. Lexington Population History 1930-2016 (Est.)

(Source: Mass. State Data Center, Barrett Planning Group LLC)



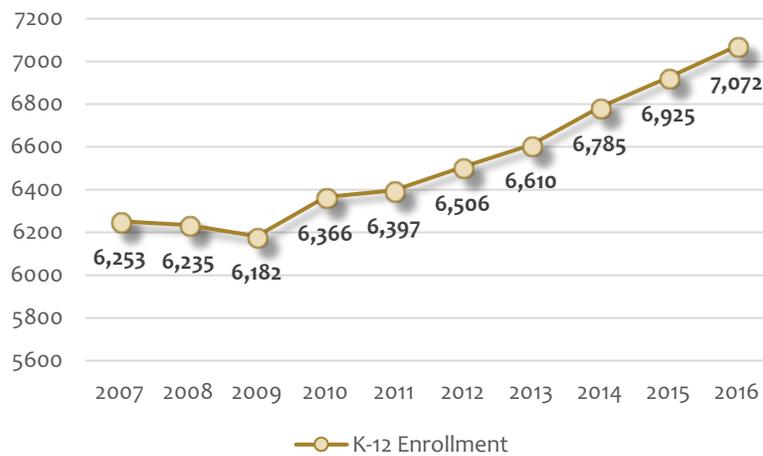
¹ Approximately 500 reside in skilled nursing facilities or non-institutional settings such as group homes for adults with disabilities.

² University of Massachusetts, Donohue Institute, State Data Center.

To a large extent, communities control the makeup of their population by the choices they make to control housing growth, and those choices affect the types of residential demands placed on town and school services. In Lexington, 75 percent of all housing units are detached single-family homes and, not surprisingly, 86 percent of them are owner-occupied by families.³ The town’s multi-family inventory (buildings with three or more units) is mainly renter-occupied, and families make up less than half of the occupants. Still, the percentage of families in rental housing in Lexington is larger than in most suburbs, including all the surrounding towns. Over time, Lexington has evolved as a community designed, built, and marketed for families, and this has produced undeniable benefits for the exceptionally high quality of the Lexington Public Schools. It has also caused Lexington’s K-12 enrollment to grow at a time when most Greater Boston communities have seen enrollments stabilize if not decline. Today, approximately 26 percent of Lexington’s total population is under 18 years, and 42 percent of all households in town have at least one dependent child.⁴

Approximately 15,900 Lexington residents are in the labor force. The town’s unemployment rate is a remarkably low 2 percent, which reflects, at least in part, Lexington’s very high level of educational attainment. Over 84 percent of all householders in Lexington hold a bachelor’s degree or higher, which is one of the highest rates of educational attainment in the state.⁵ The Massachusetts Department of Revenue (DOR) reports Lexington’s per capita income at \$112,264, one of the highest in the Boston Metro region.⁶ Household wealth in Lexington can also be expressed as a ratio of the median wage of a Lexington worker to the living wage for the Greater Boston area: 1.91, which means Lexington adults with full-time employment earn almost twice

Fig. 2. K-12 Enrollment Trends
 (Source: Lexington Public Schools)



³ ACS 2012-2016, B25215.

⁴ ACS 2012-2016, B01001, B25012.

⁵ ACS 2012-2016, S2502.

⁶ Department of Revenue, Municipal Data Bank, “DOR Income, Equalized Valuation, and EQV Per Capita, 2018.”

the region's living wage.⁷ In short, the economic position of Lexington households tends to be very high in a region that already has some of the nation's wealthiest communities nestled around Boston.

Seniors – defined here as the population 65 and over – comprise 18 percent of Lexington's current population. The oldest age cohort, people 75 years and over, make up just 9 percent of the current population but 16 percent of all householders.⁸ The Metropolitan Area Planning Council (MAPC) predicts that by 2030, Lexington's 75-and-over population will have increased 50 percent since 2016.⁹ Lexington is not immune to the nation's population aging trends even though seniors make up a smaller percentage of the population in Lexington than many surrounding communities. Growth in demand for services to meet the needs of seniors has already been felt in several town departments, from public safety to senior services and transportation services. In Lexington, almost 20 percent of the senior population has some type of disability (see chart, next page), the most common being an ambulatory disability (wheelchair dependent or loss of one or both legs). Together, age and disability tend to generate unique demands on town services, especially human services and public safety personnel. It is not surprising to see that Lexington's human services personnel collaborate with public safety and health departments and provide social services and referrals to over 5,000 people over 60 a year.¹⁰

⁷ Source of Greater Boston living wage estimate:

⁸ ACS 2012-2016.

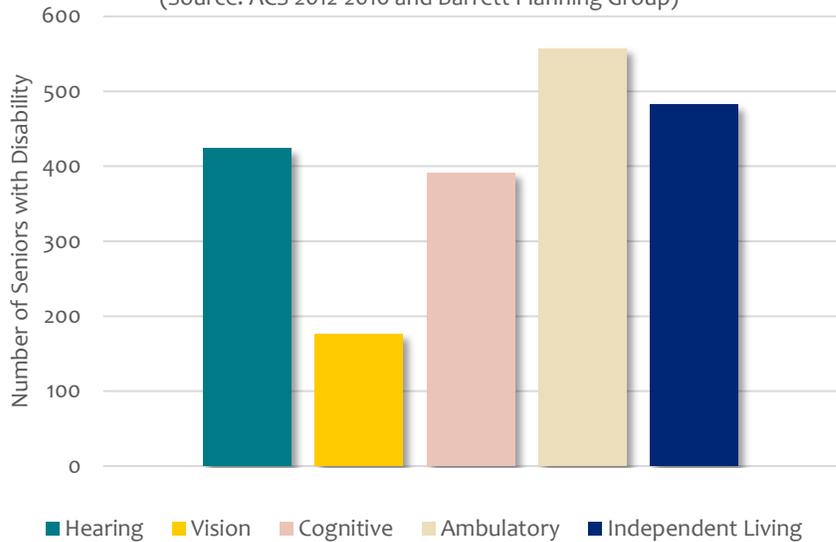
⁹ Metropolitan Area Planning Council, *Population and Housing Demand Projections for Metro Boston* (2014).

¹⁰ Town of Lexington *2017 Annual Town Report*, 61.

Housing for seniors does not put more students in a community's school system, but it does place ongoing demands on municipal departments, as noted above, and the greatest impact is felt by public safety personnel: emergency medical and police. Other municipal operations are affected as well, though to a lesser extent, and these include the health department and human services. In previous research, we have found that active adult/over-55 housing

can affect other services such as the public library, too, but the populations in independent living units are not as mobile as younger retirees, and assisted living residents are even less so. Thus, the analysis in Section 5 of our report focuses primarily on Lexington's public safety operations because these departments will likely experience an increase in demand for services.

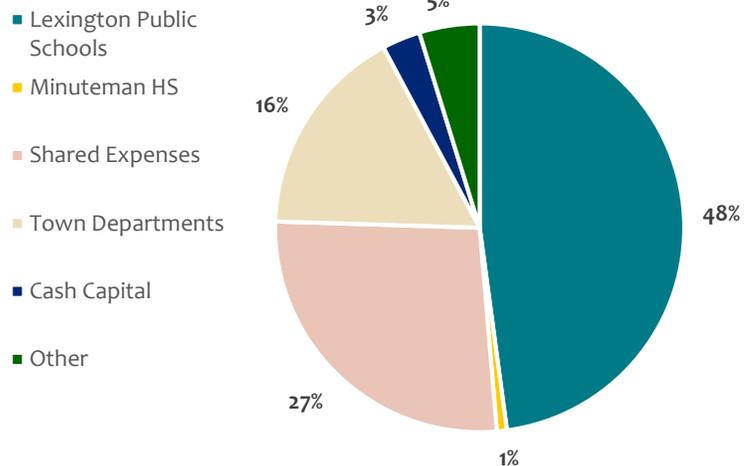
Fig. 3. Lexington Population 75+ Years with Disability by Type
 (Includes People with 1 or More Disabilities)
 (Source: ACS 2012-2016 and Barrett Planning Group)



4. OVERVIEW OF TOWN FINANCES

In FY 2018, Lexington's total General Fund operating budget is \$212,365,625. About 49 percent is devoted to public education, 16 percent for municipal departments, 27 percent for shared costs, and 8 percent for capital and other allocated costs (mainly stabilization fund). The town is in an exceptionally strong financial position with a triple-A bond rating. Lexington supports its municipal and school

Fig. 4. FY18 General Fund Operating Budget
 (Source: Town Manager's Preliminary Budget and Financing Plan, 1/22/2018)



operations with several revenue sources and, like most towns, the majority of Lexington’s revenues derive from the property tax. In FY 2018, the tax levy represents about 80 percent of gross general fund revenues.

Since Lexington is primarily a residential suburb, it makes sense that residential property comprises most of the local tax base. However, the town has operated with a

split tax rate for many years, so while residential property accounts for 88 percent of Lexington’s total assessed value today, it generates 80 percent of the total tax levy. In FY18, the residential tax rate is \$14.30 and nonresidential, \$27.69, for a CIP shift of 1.750, the maximum allowed by law. The average single-family tax bill is \$14,169 and average single-family home value, \$990,805.¹¹

Fig. 5. FY18 General Fund Revenue Sources
 (Source: Town Manager's Budget, 01/22/2018)

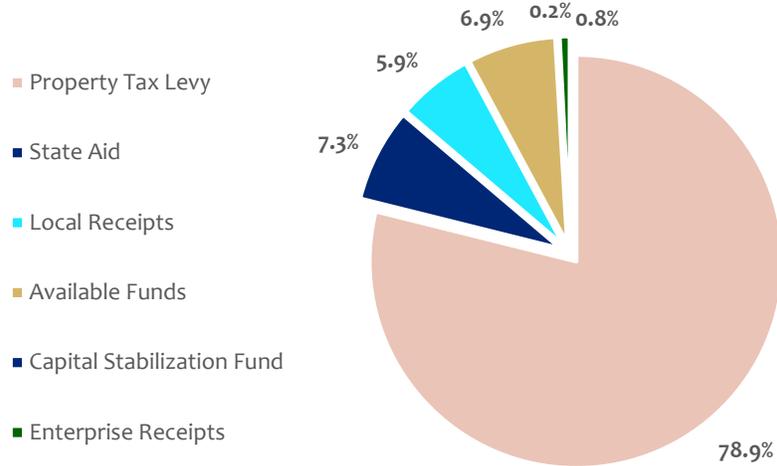
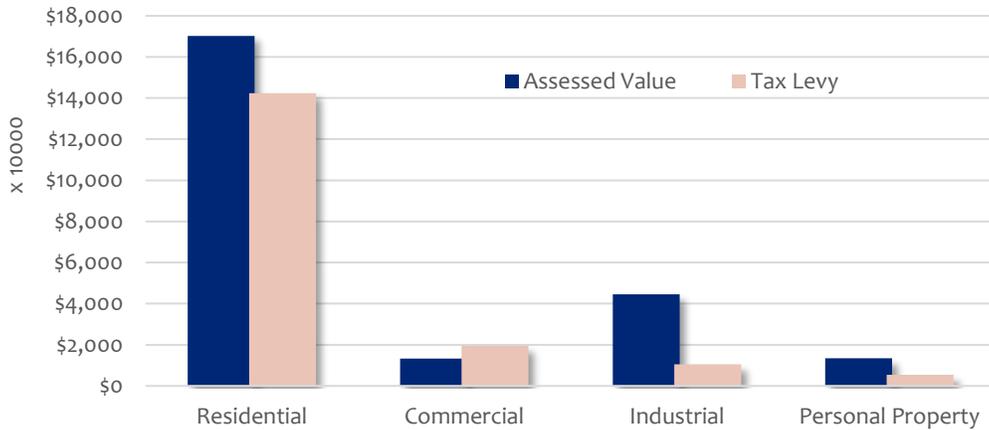


Fig. 6. Lexington Tax Base: FY18
 (Source: Department of Revenue)



¹¹ Municipal Data Bank, “Tax Rates 2003-Present,” “Average Single-Family Tax Bill,” and “CIP Shift” (Excel).

5. IMPACT ON TOWN SERVICES

FIRE & RESCUE DEPARTMENT

The Lexington Fire & Rescue Department provides 24-hour coverage for the town with 62 full-time fire personnel, including the chief, assistant fire chief, four captains, 12 lieutenants, 42 firefighter-paramedics, and one inspector. In 2018, Fire & Rescue’s total budget is \$6,577,300 (rounded), 91 percent of which is for personnel costs and 9 percent for non-personnel expenses.¹² According to the Town Report, the department responds to approximately 2,500 emergency medical calls per year, and emergency medical calls account for about 67 percent of all calls responded to by Fire and Rescue personnel (approximately 3,700). For fiscal impact purposes, it is reasonable to assume that if 67 percent of the department’s calls are emergency medical, then 67 percent of the budget for firefighter/EMT/paramedic personnel should be assigned to emergency medical as well. Expressing Fire & Rescue activity on a cost-per-call basis provides a more useful way of estimating the cost of new demands for service than a straight per-capita multiplier (which would be \$200 per person, rounded). The cost-per-call approach also provides a more accurate picture of the marginal cost of new demands generated by a given land use.

Cost of Community Services: Fire & Rescue				
Type of Call	Budget Allocation	Formula ¹	Calls	Cost per Call
Emergency Medical	\$3,946,769	\$5,890,700*67%	2,500	\$1,600
All Other	\$1,943,900	\$5,890,700*33%	1,200	\$1,620
Note: numbers may not total due to rounding. ¹ \$5,890,700 is the sum of the Emergency Medical Service and Fire Suppression components of Fire & Rescue’s FY18 program budget. These two program components include the cost of the department’s firefighter/paramedic employees.				

Insurance reimbursement for ALS emergency transport service approximates \$1,200 per call, but fire departments sometimes respond to emergency medical calls that do not result in billable ambulance service. In Lexington, total revenue from ambulance receipts equates to about \$500 per call (rounded) in FY18. That is revenue offset we have used to estimate the Town’s net cost of emergency medical services. However, ambulance revenue to the Town from Waterstone/Bridges could exceed the amount we have estimated because all of the residents at Waterstone/Bridges will have private insurance, which typically provides a higher reimbursement rate than Medicare or other publicly funded insurance programs. To be conservative, however, we have used Lexington’s actual experience to date as a guide.

¹² John Fleck, Lexington Fire Department, Interview, January 12, 2018; and FY19 Recommended Budget and Financing Plan (March 5, 2018) (“Brown Book”).

To estimate the demands that Waterstone/Bridges will place on the Fire & Rescue Department (and the Police Department), we obtained fire and emergency medical call data for 617 assisted living units and 513 independent living/senior apartments in Eastern Massachusetts communities.¹³ In our data set, the average number of ambulance calls for the 617 assisted living/memory care units is 0.75 calls per unit per year, and for the 513 independent living/senior apartments, it is 0.89 calls per unit. While it may seem counterintuitive that independent living units have generated more calls per unit on average than assisted living units, this is what the available data suggest. The difference is most likely due to the fact that assisted living residents have 24-hour support services and independent living residents do not.

Using the available data as a guide, together with our assumption that on average, 25 percent of the project's residents will be existing Lexington residents, we estimate that Waterstone/Bridges will generate 127 emergency medical calls per year. In addition, we found from our research that on average, assisted living/memory care units generate .55 calls per unit for fire department calls and 0.13 per unit for independent living units, resulting in an estimate of 48 calls per year for non-medical fire department assistance (fire suppression, fire prevention). The following summarizes our estimate of Fire & Rescue service demands and costs associated with the proposed development.

Fire & Rescue: Additional Demand on Services and Service Cost					
Service	Per Unit	Total (75% of Units)	Cost	Revenue	Net
Ambulance Calls					
Independent Living	0.89	77			
Assisted Living/Memory Care	0.75	50	X 1,600 =	X 500 =	
Sub-total		127	\$203,100	\$63,500	\$139,600
Fire Calls					
Independent Living	0.13	11			
Assisted Living/Memory Care	0.55	36	X 1,620 =	\$0	
Sub-total		48	\$77,100	\$0	\$77,100
Total					\$216,700
Notes: Units included in cost and revenue analysis are assumed to be "net new," i.e., not occupied by current Lexington residents. Thus, 103*75% = 78 (rounded), and 66 * 75% = 50 units (rounded). numbers may not total due to rounding.					

¹³ Mark Fougere, AICP, planning consultant, provided ambulance, fire, and policy call data for 362 assisted living/memory care units and 252 independent living units.

The Fire & Rescue Department will also be responsible for periodic inspection requirements. We believe, based on the information we have reviewed, that Waterstone/Bridges will have a *de minimis* impact on the department’s inspections workload. In FY 2018, the Town has budgeted \$226,417 for inspections and on average, the department performs about 1,200 inspections per year. This translates into a cost of approximately \$200 per inspection.

POLICE DEPARTMENT

The Lexington Police Department employs 50 uniformed officers, including the chief, assistant fire chief, two captains, four lieutenants, four sergeants, 29 officers, and detectives, investigators, and specialists such as human services, narcotics, and so on. The Police Department also houses the town’s emergency dispatch personnel and other functions such as emergency dispatch, crossing guards, and parking enforcement.¹⁴ In FY 2018, the Police Department’s total budget is \$7,247,600 (rounded), 87 percent of which is for personnel costs and 13 percent for non-personnel expenses. Approximately \$210,000 of the Police Department’s total operating budget is for crossing guards – services that will not be affected by the proposed Waterstone/Bridges development. There are other program components that do not really apply to this project as well, such as Traffic and Investigations. For purposes of this analysis, we based our estimate of costs on the Police Department’s patrol and enforcement budget of \$3,635,900 (rounded).

According to the most recent Annual Town Report, the department responds to approximately 15,000 calls for service per year. About one-fifth involve assistance to Fire & Rescue. Calculating Police Department activity on a cost-per-call basis produces the following per-call cost assumption:

Cost of Community Services: Police Department				
Type of Call	Budget Allocation	Formula	Calls	Cost per Call
All Calls*	\$3,635,873	\$3,635,873 / calls	15,000	\$240
Notes: *Numbers may not total due to rounding. *Excludes traffic citations and prosecutions.				

For the same group of senior units used to estimate fire and rescue costs, we found that independent living units generate 0.98 calls per unit per year and assisted living/memory care, 0.32 police calls per unit per year. We estimate that Waterstone/Bridges will result in the following additional costs to the Lexington Police Department.

¹⁴ FY19 Brown Book, Public Safety.

Police Department: Additional Demand on Services and Service Cost					
Service	Per Unit	Total (75% of Units)	Cost	Revenue	Net
Public Safety Calls					
Independent Living	0.92	80			
Assisted Living/Memory Care	0.32	21			
Sub-total		101	X \$240	\$24,400	\$24,400
*Note: Numbers may not total due to rounding.					

HEALTH DEPARTMENT

In Lexington, Public Health is one of five divisions of the Land Use, Health, and Development Department. The Town employs a full-time public health director, a full-time health agent, and a part-time health nurse (FTE 2.6). In FY 2018, the General Fund appropriation for public health personnel and expenses is \$315,266. The town also has a health programs revolving fund for health clinic expenses.

Senior residential developments typically require inspections for food protection and swimming pool sanitation. The limited frequency of these inspections makes it difficult to establish impact metrics, but for purposes of our review, we assumed one inspection per year for a swimming pool and two for food service sanitation (three inspections). There are three employees in the Health Department and in FY2018, the budget for salaries is \$235,347. If each inspection involved a one-day commitment, the total hours for one person to conduct three days of inspections (24 hours) would be approximately 1.2 percent of the employee’s annual work hours. This translates into an additional service cost of \$905 for the year, which we have rounded to \$1,000. The new cost to the Health Department would be partially offset with \$750 in permit fees, for a net impact of \$250 – assuming the inspection fees cover 100 percent of the department’s actual cost.

6. REVENUE

TAX REVENUE

The principal sources of revenue for Waterstone/Bridges at Lexington will be real and personal property taxes and motor vehicle excise taxes. Based on the assessment of comparable facilities¹⁵ and the Town’s FY 2018 residential tax rate of \$14.30, Waterstone/Bridges at Lexington will

¹⁵ According to the Vision property database on the Town’s website, Brookhaven CCRC with 339 units is currently assessed at \$44,257,000 and Youville Assisted Living, with 89 units, \$10,097,000. These values are based on January 1, 2017 market conditions. For purposes of this analysis, the comparable property assessments have been adjusted upward by 2 percent to simulate inflation as of January 1, 2018.

generate approximately \$376,500 in real estate taxes. At the FY 2018 nonresidential tax rate of \$27.69, the project will also generate \$37,400 in personal property taxes.

Projected Tax Revenues by Source (Based on FY18 Budgeted Revenue Assumptions)					
	Units	Value/Unit	Assessed Value	Tax Rate	Revenue
Real Estate Taxes ¹					
Waterstone	156	\$133,200	\$20,779,200	\$14.30	\$297,100
Bridges	48	\$115,700	\$5,553,600	\$14.30	\$79,400
Personal Property ²			\$1,350,000	\$27.69	\$37,400
Excise Tax ³	116	\$200	\$16,600		\$17,400
Total					\$431,300

Note: numbers may not total due to rounding.
¹In FY 2018, the assessed value per unit at Brookhaven in Lexington is \$130,552, and at Youville, \$113,449. The estimate for Waterstone/Bridges assumes these values adjusted for inflation by 2%. See footnote below.
²Personal property based on a \$1,350,000 estimate from National Development, adjusted at 3%
³Excise tax value per unit based on Lexington's FY18 excise tax revenue projection divided by 25,000 vehicles (estimate based on most recent available estimate of the number of registered motor vehicles in Lexington (source: DOR). This report assumes 1 car per unit for 75% of the units at Waterstone and no resident vehicles at Bridges.

The tax revenue reported above, coupled with ambulance receipts of \$63,500 and annual health inspection fees of \$800, provide the total annual revenue output of \$495,600 shown on the first page of this report.

NONRECURRING REVENUES

Waterstone/Bridges will generate a considerable amount of revenue from building permit fees. The estimated construction cost for Waterstone is \$25.2 million and for Bridges, \$7.1 million. At the current rate of \$12.00 per \$1,000 value, total general construction permit fee revenue will be approximately \$387,600 (excluding electrical and plumbing permit fees that will be paid by subcontractors). These revenues would be paid to the Town over two fiscal years because the entire project will be under construction from March 2019 through September 2020. (FY 2020-2021). The building permit fees paid by National Development will more than compensate for the Town's cost to provide inspectional services. Divided over two years, the amount paid for fees for this development each year represents approximately 80 percent of the entire Building Department operating budget in FY 2018.