



# TOWN OF HINGHAM

## Land Use & Development

### Memorandum

**TO:** Select Board

**FROM:** Jennifer Oram, Senior Planner / Zoning Administrator

**DATE:** March 20, 2025

**RE:** Lincoln School Apartments – Board of Managers Budget Approval Presentation

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- The Lincoln School Apartments, LLC Board of Manager's (BOM) is submitting the 2025 budget to the Select Board for review and approval in accordance with Section 6.4 of the Lease. A copy of the budget is attached with notations.
- The BOM has approved the 2025 Lincoln School Apartments budget but, for the reasons set forth below, is requesting that the Select Board once again waive the payment of 2025 Cash Flow Rent on the condition that those funds be deposited in the Replacement Reserve Account for use toward capital needs of the building.
- The Cash Flow Rent line item in each year's budget is calculated as 90% of the Total Cash Flow remaining in the LSA's operating account as of December 31 of the previous year. Pursuant to the Lease, Cash Flow Rent (if any) is due and payable by March 31 of the following year. Therefore, the Cash Flow Rent line item shown each year is the payment due, if any, from the prior calendar year.
- The attached budget shows the estimated 2024 budget, the actual 2024 year end budget, and the estimated 2025 budget.
- The 2024 Actual Year End Budget shows a positive Cash Flow amount. Calculating Cash Flow Rent at 90% of the year end Cash Flow, results in a payment of \$200,482. For the reasons discussed below, the BOM requests that the Select Board waive payment of 2024 Cash Flow Rent and allow the BOM to deposit those funds in the Replacement Reserve Account.
- The attached budget includes a separate chart of the Replacement Reserve Budget. The notes shown on the budget explain how Replacement Reserve funds were applied in 2024. For the proposed 2025 budget, the following information is provided: \$372,000 is the amount recommended by the most recent Capital Needs Assessment (CNA) for deposit from the operating account to the replacement reserve account. The anticipated withdrawal amount is shown as \$373,800; \$300,000 of that is a placeholder for future Capital needs projects.

- Although the Replacement Reserves Account presently seems well funded, the building continues to need extensive infrastructure repairs that we hope to be able to address in the coming years.
- The Board of Managers voted this year to pursue interior upgrades (as outlined in the CNA), including updating the common areas throughout the building. Updates will also be made to bring the building in conformance with ADA signage and other areas of ADA compliance.

We realize that many conversations are required within the coming months regarding this Town-owned building. We look forward to continue working with the Select Board on these issues.

**REQUESTED VOTES FROM THE SELECT BOARD:**

**One:** To approve the waiver of the Cash Flow Rent payment of \$200,482 due for 2024 on the condition that such amount be transferred into the Replacement Reserves Account.

**Two:** To approve the 2025 operating budget of the Lincoln School Apartments, LLC as voted on by the Board of Managers and submitted for consideration to the Select Board, with the following changes: (a) increase the Replacement Reserve Deposit by \$200,482 from \$372,000 to \$572,482; and (b) reduce the Cash Flow Rent Payment from \$200,482 to \$0; and to approve the 2025 Replacement Reserve Budget with the following change: increase the Contributions from \$372,000 to \$572,482.