

Prioritization Matrix for Vermont Preservation Projects

Threshold Criteria				Comments
Timing of Risk Factor	< 3 yrs.	3-7 yrs.	> 7 yrs.	Factors to consider: risk factors below, expiration of HAP contract, year 15 tax credit property

- This matrix applies only to preservation projects with a “trigger date” such as HAP contract expiration or end of tax credit compliance period

Risk Factor	Highest Priority	Middle Priority	Lower Priority	Comments
Loss of affordability due to market conversion	Strong rental market with no obvious impediments to conversion	Value of property is likely to increase as HAP Contract expiration date approaches	Weak market or inability of project to compete for market rate tenants	Consider: market area, regulatory issues, costs of conversion, owner mission and likelihood that conversion would be an option, etc
Loss due to physical condition	Failed REAC inspection or other governmental inspection that could result in closing of building or loss of subsidy	Probable loss of the property in the next 2-4 years. Likely to have significant life safety, code, or habitability issues.	Possibility of failed inspection or habitability issues but not for several years.	Consider: year built; number of years since last substantial rehab; level of rep. reserve contributions; total rep. res. balance; failure of major building or infrastructure systems

Risk Factor	Highest Priority	Middle Priority	Lower Priority	Comments
Risk of loss due to financial viability including energy and other operating expense factors	Lender has declared a default or town has put property up for tax sale	Property is behind on loan or tax payments but no lender or municipal action has been taken; accounts payable of 90 days or more. Large energy inefficiencies that threaten sustainability of the property	Property is financially troubled, unable to fully fund reserves or pay property or asset management fees	Analysis based on past 2 years of financials plus current year to date financial & budget projections. Consider: vacancy losses, substantial operating expenses that are really capital expenses, quality of property management, precipitous increase in one area of operating expenses

Risk Factor	Highest Priority	Middle Priority	Lower Priority	Comments
Opportunity	<p>Unique opportunity to purchase a property at a below market price due to seller motivation or non-state resources that are generally very scarce are available for this property; opportunity for refinancing or restructuring as a result of refunding underlying bonds.</p>	<p>Seller is highly motivated to sell but has not offered property at below market price.</p>	<p>Unlikely that there is another purchaser who would change the use/affordability of the property</p>	<p>Factors to consider: age, health, or financial situation of owner, location of property, availability of federal resources such as HUD 202 or HOPE VI</p>

General Criteria	High	Medium	Low	Comments
Rental assistance	All or mostly rental assistance	Some rental assistance	No rental assistance	Includes both HUD and RD
Market conversion or tenant displacement risk	No affordability protections	Some affordability protected	Existing covenant or other protection	
Relationship of project to % of afford. hsg. In community	>30%	10-30	<10%	Relevant for smaller towns, probably not for cities such as Burlington or Rutland

SCALE (# of units)	>30	10-30	<10
Financial feasibility compared to available resources	Highly likely that financial resources will be available	It is possible that financial resources will be available	Availability of adequate resources highly questionable
Previous public investment	High level of public investment at risk of loss	Moderate level of public investment at risk of loss	Small or no previous public investment
Cost to preserve	Little new public \$ needed (<\$10,00/unit), or needs only 4% tax credit	Moderate amount of public \$ needed (\$11,000-\$20,000/unit) plus 4% tax credit	Substantial new public investment needed (>\$20,000/unit) and/or 9% tax credit