

Prioritization Matrix for Preservation Projects

		TIER 1	TIER 2	TIER 3	COMMENTS
		Higher Priority	Middle Priority	Lower Priority	
Risk Factor					
I. Risk of Loss to Market Conversion					
	Ability to Increase Rents Substantially Through Conversion to Market Housing	Strong rental market with no impediments to conversion		Weak market or inability of project to compete for market rate tenants	Need to evaluate regulatory issues, marketability of project, conversion costs, owner mission, etc.
II. Risk of Loss Due to Physical Condition					
		Imminent loss due to condemnation proceedings or governmental action to close the property	Probable loss of the property in the next 2-4 years. Likely to have significant code and safety issues	Possibility of condemnation or governmental action, but not for several years	Factors to Consider: Year facility was built, No. of years since last rehab, annual replacement res. contribution, Total reserves balance
III. Risk of Loss Due to Financial Viability					
		Lender has declared a default	Property is not current on loan or covenants but no default has been declared	Property is financially troubled but able to maintain loan payments	Analysis based on 3 yrs of financials. Factors to consider: Vacancy, Municipal liens, Sponsor financial condition, Property mgmt quality
IV. Market Condition Opportunity					
		Unique opportunity to purchase a project at a below market price due to seller motivations	Sale price based on present value of reduced income stream - value will increase as expiration date approaches	Property for sale - no particular economic benefit to purchase at this moment	Availability of non state resources to take advantage of the opportunity is important
General Criteria for All Projects					
Timing of Risk Factor					
		Less than 3 years	3-7 years	More than 7 years	
Family Units					
		Majority of larger units with > 3 bedrooms	General family occupancy	Restricted to elderly occupancy only	
Section 8 Assistance					
		Mostly Section 8	Some Section 8	No Section 8	Includes RAP, SUP, Mod Rehab, and PRAC. Recognizes value of federal subsidy
ELI Units at the Project					
		High % of ELI units	Some ELI units	No ELI units	ELI = extremely low income
Risk of Tenant Displacement					
		No tenant protections	Some tenants protected	Vouchers (regular or enhanced) for all tenants	Relates to Existing Tenant Income Profile
Relationship of Project to % of Affordable Hsg in Municipality					
		> 30%	< 30%	< 10%	Only relevant for towns, not cities
Scale - Number of Units					
		>100	10 - 100	<10	