



GEORGIA DEPARTMENT of COMMUNITY AFFAIRS

Supportive Housing Underwriting Standards

Applicability

The standards stated in this document apply to any housing development project applying for or receiving funds under the 2025 Rental Housing with Services Priorities NOFO, Part 2 (National Housing Trust Fund/Single-Site Supportive Housing), NOFO Sections XIX through XXII. Additionally, pursuant to the discretion of the DCA Commissioner, this Guidance also applies to the 2025 9% LIHTC round General Set-Asides for Supportive Housing.

The standards set forth here are in addition to all other underwriting standards contained in the 2024-2025 Qualified Allocation Plan (QAP), including but not limited to standards contained within: **(Threshold) Project Feasibility, Viability Analysis & Conformance with Plan;** **(Threshold) Appendix A, DCA Underwriting Standards;** and **(Threshold) Appendix B, Additional DCA Policies Related to the Funding of DCA HOME Loans.** Qualified Allocation Plans are available [here](#). However, for the above-referenced NOFO usage and LIHTC General Set-Aside, the standards in this Guidance will supersede any conflicting standards set forth in the QAP.

Underwriting Standards- General Requirements

Debt Coverage Ratio (DCR) and Effective Gross Income

QAP requirements and standards apply.

Revenue, Vacancy, and Expense Trends

DCA will underwrite vacancy and collection loss at a minimum of 7%, or at a higher percentage if DCA determines appropriate. Market studies should consider comparable supportive housing developments. Revenue and Expense trends will otherwise continue per existing QAP requirements and standards.

Developer Fee

All requirements and standards for Developer Fee and Deferred Developer Fee remain pursuant to the QAP. However, applicants are encouraged to apply any available deferred developer fees, as possible and appropriate, to fund reserves as specified elsewhere in this Guidance.

Underwriting Standards- Operating Assumptions

Operating Expenses

For units dedicated to Supportive Housing, annual budgeted operating expenses must be no less than \$8,000 per unit, and no more than \$10,000 per unit, for any applicant in any geographic pool. All other QAP requirements and standards apply.

Operating Deficit Reserves

QAP requirements and standards apply.

Replacement Reserves

All developments must budget for and capitalize funding of Replacement Reserves at or before Conversion, in an amount that equals the total of six months' worth of contributions to Replacement Reserves. Required monthly contribution amounts to Replacement Reserves will remain pursuant to the QAP.

Fixtures and Furnishings Reserve

All applicants will be required to capitalize and fund a Fixtures and Furnishings Reserve at or before Conversion, which in part must be used to fund essential furnishings for new tenants in need of furnishing. Applicants may use philanthropic sources, including in-kind contributions, to fund 50% of this Reserve. The Fixtures and Furnishing Reserve minimum capitalized amounts shall be:

- a) \$2,000 for studio and one-bedroom units; and
- b) \$3,000 for two-bedroom and greater-sized units.

Additional Requirements

Discretion

DCA reserves discretion to adjust required amounts based upon the project's proposed uses, feasibility, and other underwriting concerns. DCA may establish other conditions, and the establishment of final financing terms remain subject to DCA discretion. DCA is not required to adjust any requirements, deadlines, or conditions associated with a prior award.

Contact

For more information, contact:

- Denise Farrior Deputy Division Director, Housing Finance
- Sandy Wyckoff, Manager, LIHTC Underwriting
- Gary Garner – Senior Manager, Capital Markets

