



Using HUD's CNA e-Tool for Project Rental Assistance Contracts (PRAC)

**Office of Asset Management and
Portfolio Oversight**

February 8, 2018

Webinar Logistics

- Submit *content related questions* via the WebEx Q&A box – submit to “All Panelists”
- Submit *technical issues related to WebEx* in the Chat box – submit to “Host”

A screenshot of a WebEx Q&A window. The window title bar shows a question mark icon, the text "Q&A", and a close button. Below the title bar is a tab labeled "All (0)". The main area is a large empty text box. At the bottom, there is a smaller text box containing the instruction: "Select a question, and then type your answer here. There is a 256-character limit."

Presenters

Host

- Jennifer Larson, Office of Asset Management and Portfolio Oversight

Speakers

- David Wilderman, Office of Production

Today's Webinar

- First CNA e-Tool session for OAMPO, focusing on PRACs & Needs Assessors
- Additional information and recordings will be made available at https://www.hud.gov/program_offices/housing/mfh/cna

Learning Objectives

- Requirements for using HUD's CNA e-Tool for PRACs
- Unique aspects of reviewing and submitting the CNA e-Tool for PRACs
- Resources that are available to assist CNA e-Tool users

Relevant Guidance

- [Housing Notice 2016-18](#) – Implementation of CNA e-Tool
- [MAP Guide](#)
 - Appendix 5, Section III.C – CNAs for Asset Management Function
 - Section 5.2.B.2 – Qualifications of Needs Assessors
- [Housing Handbook 4350.1](#)
 - Chapter 4 – Reserve for Replacement
 - Chapter 7 – Processing Budgeted Rent Increases

What is a Capital Needs Assessment (CNA)

- Describes the physical inventory, condition, durability of a Multifamily property.
- Prepared by an independent 3rd party needs assessor
- Must include a year by year schedule of projected capital needs and associated costs (provided by the needs assessor)
- The Estimate Period for HUD CNAs is 20 years
- The CNA describes critical, non-critical, and future repairs/replacements.

CNA REPORT

Follows the ASTM 2018-01 Standard:

As shown on the Assessment Tool, Narrative Form:

Open Form	
Narrative	Comment
1.0 Executive Summary	
2.0 Purpose & Scope	
3.1 Overall General Description	
3.2 Site	
3.3 Structural Frame - Building Envelop	
3.4 Mechanical & Electrical Systems	
3.5 Elevators	
3.6 Life & Fire Safety	
3.7 Interior Elements - Common	
3.7 Interior Elements - Tenant	
4.0 Additional Considerations	
5.0 Document Review & Interviews	
6.0 Opinions of Probable Costs	
7.1 Accessibility	
7.2 Intrusive & Other Examinations	
7.3 Owner Proposed Improvements	
8.0 Assessor Qualifications	
9.0 Limiting Conditions	

CNA e-Tool Quick Facts

- Required February 1, 2018 for PRAC projects when a significant increase to R4R is requested
- Minor R4R increases (annual contribution increase of less than 5% or \$500) do not require a CNA
- CNA e-Tool will be completed by a Needs Assessor
- This expense is reimbursable from the R4R

PRAC Examples

- Maple Apartments has an annual R4R contribution of \$3,000. As part of their rent increase, they want to increase their R4R by \$400 in anticipation of common area carpet replacement. They do not need to submit a CNA because even though the increase is over 5%, it is less than \$500.
- Birch Apartments has an annual R4R contribution of \$3,000. They plan to replace the building's roof within 10 years and want to prepare, so they request a rent increase that adds \$1,000 to their annual contribution. They must prepare and submit a CNA using the CNA eTool before HUD can approve the rent increase.

CNA e-Tool Overview

- **There are instructions about how a CNA must be performed and documented**
 - Use a qualified assessor (MAP Guide 5.2.B.2)
 - Must follow the MAP Guide
- **The process for sending a CNA for a non-FHA insured project to HUD**
 - Owner obtains from a qualified assessor, reviews
 - Assessor completes assessment tool
 - Owner sends to appropriate HUD representative
 - HUD reviews and provides feedback

PRAC Owner Role

- Owner determines a property may have unmet future capital needs
- Owner hires a qualified assessor to perform compliant CNA
- Owner reviews and ensures a quality CNA is received from the assessor, prior to sending to HUD
- Owner submits request for reimbursement from the Reserve for Replacement

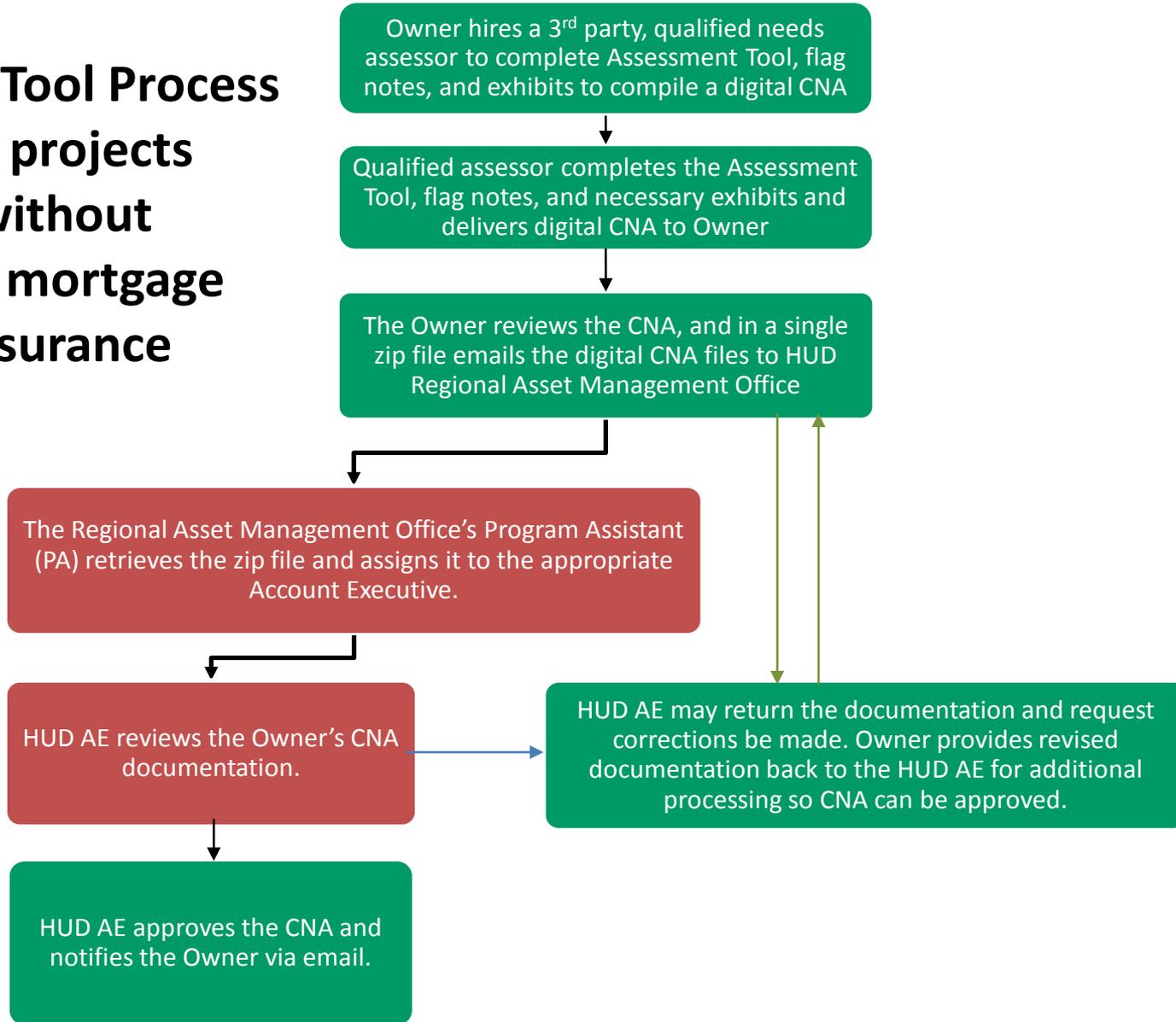
Needs Assessor Role

- Focus solely on the physical condition of the property
- Provides an assessment of the physical condition covering a span of 20 years
- Complete CNA Tool and address/resolve flags
- Not responsible for the completion of the reserve for replacement schedule

HUD Account Executive Role

- The HUD Account Executive will review the Assessment Tool, Flag Notes, and exhibits
- Particular attention paid to whether notes/explanations for Warning Flags are provided (Severe flags are not acceptable)
- If documentation is unsatisfactory or incomplete, Account Executive sends CNA back to Owner for revisions
- If CNA is acceptable, Account Executive will issue approval letter

CNA e-Tool Process for projects without FHA mortgage insurance



CNA e-Tool Toolbox for PRACs

- The Assessment Tool (Excel)
 - Available online
- The Validation Engine (Web)
 - Open to the public
- Instructions are provided @
https://www.hud.gov/program_offices/housing/mfh/cna



HUD.GOV

U.S. Department of Housing and Urban Development
Secretary Ben Carson



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Capital Needs Assessment Tool (CNA e Tool)

The Capital Needs Assessment (CNA) e-Tool automates and standardizes the preparation, submission and review of a capital needs assessment. Its use is now available on a voluntary basis and will become mandatory starting November 1, 2017 for FHA multifamily mortgage insurance applications.

Use of the CNA e-Tool for all Rental Assistance Demonstration conversions; 10-year update capital needs assessments for FHA-insured multifamily properties; and other asset management milestones, such as partial payment of claims, are available on a voluntary basis and will become mandatory starting February 1, 2018.



A Joint effort of USDA & HUD

[CNA e-Tool HUD Process Flowchart \(PDF\)](#)

User: Needs Assessor

- ▶ [Assessment Tool 1.2A v4 \(Web Portal\)](#)
- ▶ [CNA Public Validation \(Web Portal\)](#)
- ▶ [Instructions for use of the CNA e-Tool \(PDF\)](#)



User: HUD Reviewer

- ▶ [CNA HUD Review \(Web Portal\)](#)
- ▶ [Government Internal User Manual \(PDF\)](#)
- ▶ [HUD User Access Guide \(PDF\)](#)



The Assessment Tool

CNAETool_1_2A_V4 [Compatibility Mode] - Excel

FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW ACROBAT DESIGN

Clipboard Font Alignment Number Styles Cells Editing

Property.A... : X ✓ fx

	B	C	D	E	F	G
3						
4						
5		Entered (and Summary) Property Information			Assessment Scope	
7		Property Name			Relevant Agency Program	
8		Street Address			Additional Testing Indicator	
9		City			Sample Percentage	
10		State			Property ASHRAE Level 2 Energy Audit Indicator	
11		Zip Code			ASHRAE Level 2 Energy Auditor Name/Credentials	
12		Approving Agency			CNA Number	
13		Associated Agency			Additional Testing Comment	
14		USDA AMAS ID			USDA CNA Type	
15		IREMS Property ID			HUD CNA Type	
16		HUD FHA #			Date of Final Site Visit	
17		MSA/Non-MSA			Number of Vacant Units	
18		Federally Assisted Indicator				
19		Family/Elderly Indicator				
20		Seismic - SXS				
21		Seismic - SX1				
22		Property ID				
23		Year of Rehab			0 to 0	
24		Replacement Cost - New			\$0	
25		Total Number of Buildings			0	
26		Total Units			0	
27		Number of Sites			0	
28		Total Building Sq. Footage			0	
29		Year Built			0 to 0	
30		Section 504 of Rehabilitation Act/UFAS Applies			NO	
31						

Version Control Participant Information **Property** Site Information Building Common Areas Units Unit T ...

READY



The Validation Engine

The screenshot shows a web browser window with the URL https://webapps.hud.gov/CNAeTool/faces/CnaValidation?_afriLoo. The page title is "Capital Needs Validation Tool". The header includes the logos for the U.S. Department of Housing and Urban Development and the U.S. Department of Agriculture (USDA). Below the header, the text "CNA VALIDATION" is displayed. A section titled "Select CNA File" contains the instruction: "This system only accepts XLS files for import. Imported files must conform to HUD's published data standards for CNA files." Below this text is a file input field with a "Browse..." button, and two buttons labeled "Validate" and "Reset". At the bottom of the page, the address "U.S. Department of Housing and Urban Development, 451 7th Street S.W., Washington, DC 20410" is provided.

The Validation Engine

- A completed Assessment Tool must be “Validated” to see results and address flags
 - 1) “S” (Severe) Flags must be removed through corrections to the Assessment Tool file, revalidate
 - 2) Flag Notes then created by the needs assessor
 - Can export Flags from Validation Engine to separate Excel file, add notes in new column
 - Must explain any remaining “W” (Warning) flags
 - Option to add explanations for “I” (Informational) flags
- Flag Notes should always be provided as part of a completed CNA, along with exhibits

Useful Reference Materials

User: Needs Assessor

- ▶ Assessment Tool 1.2A v4 (Web Portal)
 - ▶ CNA Public Validation (Web Portal)
 - ▶ Instructions for use of the CNA e-Tool (PDF)
 - ▶ Needs Assessors Guidance on User Access (PDF)

User: Lender/PHA/PAE Submitter

- ▶ Assessment Tool 1.2A v4 (Web Portal)
 - ▶ Lender CNA Submission (Web Portal)
- ▶ Lender User and Coordinator Access Guide (PDF)
- ▶ Instructions for use of the CNA e-Tool (PDF)

Training

- ▶ HUD Exchange/Training Modules (Web Portal)
- ▶ Sample CNA Documents (ZIP)

Operational Bulletins

- ▶ 2017 Updates (PDF)
- ▶ CNA e-Tool Tips and Tricks 10/2017 (PDF)

Public Resources

- ▶ Ask A Question (Web Portal)
- ▶ Join the CNA e-Tool listserv (Web Portal)
- ▶ Multifamily MAP Guide -See appendix 5G (Web Portal)
 - ▶ Estimated Useful Life Table for CNA e-Tool (PDF)
- ▶ Mortgagee Letter 2016-26 (Web Portal)
 - ▶ Mortgagee Letter 2017 -09 (Web Portal)
- ▶ Rules of Behavior (PDF)
- ▶ Guidance for Requesting an Unprotected Assessor Tool (PDF)
 - ▶ CNA e-Tool Data Dictionary (XLS)

User: HUD Reviewer

- ▶ CNA HUD Review (Web Portal)
- ▶ Government Internal User Manual (PDF)
- ▶ HUD User Access Guide (PDF)

User: USDA Submitter/Reviewer

- ▶ Coming Soon

Recorded Webinars

- ▶ CNA e-Tool Webinars and Tutorials (Web Portal)

EPA Portfolio Manager Reports

- ▶ HUD Custom Reports (PDF)

https://www.hud.gov/program_offices/housing/mfh/cna

HUD Exchange Training Modules

- Linked to from the CNA e-Tool homepage

HUDEXchange.info > [Trainings](#) > [Capital Needs Assessment e-Tool](#)

The screenshot displays the HUD Exchange website interface. At the top, there is a dark blue navigation bar with the HUD Exchange logo and the text "HUD EXCHANGE Secretary Ben Carson". To the right of the logo, there are links for "Programs", "Resources", "Trainings" (which is highlighted with a yellow underline), "Program Support", "Grantees", and "News". A search icon is also present. Above the navigation bar, there is a tagline "Resources and assistance to support HUD's community partners" and a button labeled "NEED HOUSING ASSISTANCE?". To the right of this button are links for "Email Updates" and "Log In".

The main content area features a breadcrumb trail: "Home > Trainings > Capital Needs Assessment e-Tool Training". Below this is the title "Capital Needs Assessment e-Tool Training" in a large, bold font. The introductory text states: "This page provides training on using the Capital Needs Assessment electronic tool (CNA e-Tool) which is being developed by HUD's Office of Multifamily Housing. The CNA e-Tool provides an automated process for preparation, review, submission, approval and periodic updating of capital needs assessments. The CNA e-Tool is suitable for use by any multifamily housing program." A second paragraph explains: "These training modules provide users a preview of the CNA e-Tool and related instructions for performing a capital needs assessment." To the right of the main text is a "Resources" box containing three links: "CNA Assessment Tool", "Instructions for Use of CNA Assessment Tool", and "Ask a CNA Assessment Tool Question".

Below the main text is a section titled "Access the Training" with a list of three steps: 1. Click the title of the module you want to access. 2. You will be prompted to either create or log into your HUD Exchange Learn account. 3. If you need to create an account, Click **Create an Account**. Below this list, there is a sub-point: a. Fill out the form, and click the **Create Account** button. For the Organization Information, if you are not affiliated with a HUD program, choose **Other Organization** and enter your **Organization Name** and **Organization Type** (e.g., Due Diligence Provider, Lender, Multifamily Property Owner).

A **Note** at the bottom states: "For the CNA e-Tool training modules, data provided during the account creation process is being used to analyze the organization types of training participants. Identifying data such as name, organization, and contact information will not be shared with HUD."



The Ask A Question (AAQ) Resource

- Linked to from the CNA e-Tool homepage
[HUDEXCHANGE.info > Program Support > Ask A Question](https://www.hudexchange.info/ProgramSupport/AskAQuestion)

Resources and assistance to support HUD's community partners

NEED HOUSING ASSISTANCE? Email Updates Log In

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Secretary Ben Carson

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Home > Program Support > Ask A Question

Ask A Question

The following Ask A Question desks are active: AFFH, BRAC, CNA e-Tool, CoC, DRGR, eCon Planning Suite, ESG, *e-snaps*, HDX, HMIS, HOPWA, HEROS, HUD-VASH, IDIS, Legacy Homeless Programs, NSP, Sage, and Title V.

The CDBG and HOME Ask A Question desks are closed and no longer accepting questions. Please contact your **local CPD Field Office** for assistance.

Step 1 of 2 1 of 2

Personal Information* Required fields

*First Name

*Last Name

*State

*City/Town



Your questions?

Thank you!