



## Appendix 10 – CAPITAL NEEDS ASSESSMENT GUIDELINES

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If rehabilitation work is involved, a physical assessment and evaluation of all building components not to be replaced during the renovation shall be conducted by licensed professionals, within 6 months of Finance Application. CNA requirements include the following:

1. The Connecticut Housing Finance Authority (CHFA) requires the consultant(s) to be licensed and insured professional architects and/or structural, mechanical/electrical/plumbing/fire protection engineers in the State of Connecticut.
2. For CHFA Rehabilitation Design Standards, see Appendix B of the CHFA Standards of Design & Construction.
3. The report must include the author's observations and assessments based upon physical observations of the building exterior and interior, including mechanical and accessible spaces, attics, roofs, crawl spaces, etc. Any spaces not accessed shall be noted in the report.
4. The report must include a narrative description of the development including the evaluator's overall assessment of the property condition. The narrative shall include property location, age, physical attributes, number of units inspected and the physical condition of the units inspected. The assessment shall address the presence of, or suspected presence of environmental hazards, such as asbestos, lead paint or mold.
  - a. The number of living units required to be assessed shall be as follows:
    1. Developments with 4-40 units > 50%
    2. Developments with 41-60 units > 35%
    3. Developments with 61-80 units > 30%
    4. Developments with 81-100 units > 25%
    5. Developments over 100 units > 20%

[If determining the number of units to be assessed results in a fraction, round up to the next number]

5. The report shall include photographs of building characteristics that accurately reflect the existing conditions present.
6. The report shall further examine and analyze:
  - a. The site, including general topography, ground water drainage, bituminous / concrete pavement, bituminous / concrete walks and curbs, site amenities, water, storm, sanitary sewer, gas and electric services
  - b. The structural systems, both for substructures and super structure, including exterior wall systems, doors and windows, roofing system and drainage
  - c. The common area and unit interiors, including existing finishes (carpet, vinyl wall covering, paint, VCT, ceramic tile, etc.) appliances, cabinets, toilet fixtures, exhaust fans, range hoods, etc.
  - d. Building mechanical systems including HVAC systems, plumbing and domestic hot water, fire protection systems, electrical lighting and power systems, communication and security systems, etc.

e. Any components that are non-compliant for ADA, Section 504 or the Fair Housing Guidelines. The report shall include a copy of the Owner's certification that the specific development complies with all of the ADA and 504 regulations, along with compliance with. If Owner is unable to certify, then the report shall state how the Owner plans to achieve compliance

7. The report shall include an interview with on-site property management and maintenance personnel to gain knowledge of past repairs, pending repairs and chronic physical deficiencies. The consultant shall obtain and include a 5-year history of the Owner's capital repair expenditures for the development.

8. If the CNA is required by CHFA Underwriting and Technical Services, for Moderate, Substantial and Gut Rehabilitations going through the CHFA development process, the report shall include a statement of Guaranteed Maximum Price (GMP) based on the projected costs developed by the Contractor for each of the 16-divisions of the CSI MasterFormat 1995 standard filing system for architectural, design, engineering, and construction professionals. This requirement may also apply to large scale capital improvement projects subject to Technical Services' review, which involve multiple divisions of the CSI MasterFormat 1995. Please refer to the "CHFA/DECD Consolidated Application, Project Cost Summary and Trade Payment Breakdown" [f.k.a. CHFA Form 2328 Schedule of Values and Exploded Trade Payment Breakdown] (see Appendix F in the current CHFA Standards of Design and Construction)

9. If the CNA is required by CHFA Asset Management, for Minor Rehabilitations for capital improvements, the report shall include a budget and an in-depth scope of work for the work proposed. This budget shall include expenditures and costs for all property improvements that may affect the project's future marketability. Improvements may include adding central air to the development, community room additions, etc.

a. All proposed improvements (i.e. doors, windows, siding, roofing, paving, etc.) shall comply with the current CHFA Standards of Design & Construction (see Appendix G of the Standards).

b. For CHFA Replacement Criteria, see Appendix C of the Standards.

c. For CHFA Repair/Replacement Criteria, see Appendix G of the Standards.

The report shall include a spreadsheet that outlines, by line item, the costs of proposed improvements expensed in year one, with a life-cycle replacement budget reflecting appropriate line item costs expensed over the proposed mortgage term, if applicable; otherwise a 20 year life-cycle is acceptable. The spreadsheet shall show all costs in today's dollars, with an appropriate rate of inflation for costs expended over the life-cycle term. Please refer to the "Comprehensive Capital Needs Assessment Schedule", which can be found on CHFA's website in the following link: [Comprehensive Capital Needs Assessment Schedule](#).

10. In the case of a complete gutting of buildings, a Structural Needs Assessment Report (to adhere to the latest applicable codes) by a Structural Engineer, and an Architectural Needs Assessment Report by an Architect, are required. A licensed structural engineer shall investigate all questions regarding structural capacities and conditions of structural components. The reports shall include the age, the material, the condition and life expectancy for such components.