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Affordable Housing Alert

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HUD suspends eTool requirements for some capital needs reporting

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HUD suspends CNA eTool for 10 year updates and many asset management submissions—what stakeholders need to know.

What's the impact?

- HUD suspends CNA eTool submission for certain CNA requirements, including FHA 10-year updated CNAs and HAP Assignments.
- Office of Asset Management review of 10-year CNAs temporarily paused.

The US Department of Housing and Urban Development (HUD) has issued Housing Notice H 2026-02, which amends prior guidance on Capital Needs Assessments (CNAs) for multifamily properties. This Notice temporarily suspends the requirement to use HUD's CNA eTool for submitting required 10-year updated CNAs and certain other Asset Management CNAs until further notice. In addition, HUD is suspending the review of those 10-year updated CNAs by the Office of Asset Management (OAM) with limited exceptions. Importantly, this Notice does not

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eliminate the obligation to prepare or submit CNAs required under existing program requirements.

HUD's longstanding CNA framework requires owners of FHA-insured and other HUD-assisted properties to conduct periodic CNAs to identify immediate and long-term capital needs, including health, safety, and accessibility issues. Previous Housing Notices (H 2016-18 and H 2023-03) had mandated the use of the HUD CNA eTool to standardize and automate these submissions. The Department determined that the eTool currently has limitations in accommodating certain specialized CNAs, particularly 10-year updates for FHA-insured properties, and elected to suspend the tool requirement while its technical systems are improved.

Scope of CNA eTool suspension

Under the new Notice, the eTool is not required for specified Asset Management submissions, including Housing Assistance Payments (HAP) contract assignments, Transfers of Physical Assets (TPAs), Partial Payment of Claims or Loan Modifications, and Section 202/811 PRAC properties without an FHA-insured loan. The requirement to use the eTool for other transactions, such as new FHA insurance applications or RAD recapitalization submissions, remains unchanged. Owners, lenders, and management agents should be aware that the suspension does not affect the substantive CNA requirement or the need to prepare thorough capital planning documentation.

Responsibilities for owners and lenders

In implementing this change, HUD underscores that owners must continue to submit required CNAs through alternative means, and lenders remain responsible for reviewing and confirming capital reserves adequacy. Per the Notice, HUD "strongly recommends," but does not mandate, that reserves exceed the greater of 36 times the initial monthly deposit or $1,500 a unit. HUD has also reserved the right to reimpose the eTool requirement or to review any CNA where compliance issues arise.

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