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## **Capital Needs Assessment: Friend or Foe--The Sequel**

By Mel Cywinski

It's now December 2007, and we would like to bring you up-to-date on some of the changes and revisions that have taken place with the CNA process. In May 2007, Rural Development issued a significant revision to their guidelines that will help owners and the CNA provider address projected needs that will be funded from a third party (if any). Briefly stated, the guidance provides that if an owner has third party funds committed and work scheduled to begin within 12 months, the CNA report should address post-rehabilitation needs at the property. The key word here is the funds are "committed" not just applied for, talked about, or might be coming. It also requires that a scope of work be prepared and it would be reviewed by the CNA preparer. By addressing this issue, Rural Development has taken a positive approach in helping owners understand that the CNA report is truly a long term look at a project and not meant to be a wish list.

Some of the other revisions that Rural Development implemented are more transparent and will not be noticeable to the owners. For example, changes were made to the spreadsheet format providing easier data entry.

The staff at Rural Development must be complimented for being very proactive and listening to the concerns of the provider to make the CNA process a more usable product that's not just another piece of paperwork. We feel that by having these listening sessions, owners and Rural Development are getting a Capital Needs Assessment report that will help insure the long term viability of the housing portfolio. A well prepared Capital Needs Assessment is a strong positive step in helping Rural Development, as well as owners, make better financial decisions.

Mel Cywinski was employed by Rural Development (formerly known as Farmers Home Administration) as a State Office Architect. He later assumed the duties of State Office Engineer and was the State Environmental Coordinator, Lead-Based Paint Coordinator, and Mold Coordinator for the National Office. Since retiring from Rural Development, he has become a CNA Inspector for E&A Services, Inc.