

CNA e-Tool Inflation and Interest Rates Q1 2027

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	Initial Rate	Year of change	Long-term rate
Capital Needs Cost Inflation	3.40	3	3.40
Reserve Balance Yield (Interest)	4.59	3	4.59

HUD's Office of Multifamily Housing Programs is replacing its static 2022 Capital Needs Assessment (CNA) eTool rate chart with quarterly interest and inflation updates. These rates are used to set the default baseline for calculating the annual minimum balances and the deposit needs in the Reserve for Replacement (RfR) 20-year schedule. Users may enter alternate rates in the e-Tool for HUD's review and approval. Alternate rate submissions must include written justification.

How are the Rates Calculated:

- **Inflation Rates:** HUD determines capital needs inflation by obtaining the unadjusted percent change for the most recent calendar year from the Bureau of Labor Statistics **CPI-U Table 1 ("All Items")**.
- **Interest Rates:** HUD sets the initial rate using the **1-year Treasury spot rate** from the end of each month. To keep underwriting stable during market shifts, HUD fixes the long-term rate to match this initial rate.
- **Year-of-Change:** HUD will use a 3-year standard to let short-term market changes smooth out before locking in long-term averages.

Regular updates will occur once a quarter, approximately 10 days after each quarter's end, with the following anticipated schedule:

- **After FY Q1** (Ends September 30): **October 10**
- **After FY Q2** (Ends December 31): **January 10**
- **After FY Q3** (Ends March 31): **April 10**
- **After FY Q4** (Ends June 30): **July 10**

You can find the new rate charts under the "Estimated Useful Life and Financing Planning" section of the HUD CNA e-Tool website.

- [Capital Needs Assessment Tool | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

If you have any questions, please contact CNAeTool@hud.gov.