

## Tool of Tools (TOT)

This Tool is a compilation of three tools, all of which use a PIC Ad-Hoc Report as the primary input. When the user opens the file, it will ask which reports the user would like to generate. Please select the appropriate report(s).

All three reports use an *ALL FIELDS PIC Ad-Hoc Report* as the primary user-input. Please have this saved on your computer and easily accessible. Instructions for creating this report can be found within the TOT.

- 1) The Tool formerly known as the HCV Analysis Tool (HAT), PDF: Combining PIC, VMS, and a range of other data, this creates a four-page overview of the selected PHA's voucher program, with information comparing the PHA's performance to that of other PHAs in the state and the country, as well as information on such areas as demographics, rent burden, subsidy standards, and leasing/spending.



- 2) The Tool formerly known as the HCV Analysis Tool (HAT), Drill Down: Primarily used by the Shortfall Prevention Team (SPT), but certainly used by others, this Excel file will allow the user to examine various oddities in their PIC data, as well as allowing an investigation of some of the data found in the four-page PDF, by examining family-specific information.

GR/PS	Overvouchered	Child Exp >40%	Child - No Inc; Child Exp	Income/Rent	UMA Over	Clear Filters
Min Rent	Overhoused	Medical Exp > 40%	Medical - No Inc; Med Exp	Unit Information		Show All Fields
HOH Last Name	HOH First Name (Initial)	Type of Action	Effective Date of Action	Projected Effective date of next re-exam	Type of Voucher?	

- 3) The Payment Standard Tool: Allows user to examine the varying effects of different payment standards on a program's rent burden and per unit cost (PUC). Please see the following pages for detailed information on the PST.

## Payment Standard Tool Overview

To understand the Payment Standard Tool (PST), one must understand a payment standard.

What is a payment standard?

*For the Housing Choice Voucher program, PHAs are permitted to set their payment standards — the allowances, for each unit size, that will be used to determine a family's HAP subsidy — within the “basic range”, 90 – 110 percent of the published FMR (40<sup>th</sup> or 50<sup>th</sup> percentile). [Payment standards may vary by bedroom size.]*

-huduser.org ([here](#))

A PHA has the ability to change its payment standards within the 90-110 percent range, and even outside of that range with approval from HUD. A PHA would do this for a few reasons. If a payment standard is too low, it will limit the voucher holder's ability to rent quality units, as well as potentially cause families to pay rent considered unaffordable. On the other hand, if a PHA sets its payment standards too high, it may indirectly encourage local landlords to inappropriately increase rent above a reasonable level, which then increases costs to a PHA, reducing the number of families a voucher program can serve. In summary, it's important to set the payment standard at a level that will allow for voucher holders to rent decent, safe, and sanitary housing units at reasonable rents.

As payment standards have a direct effect on the payments made by PHAs, this can affect the money needed to run a voucher program. The Two-Year Tool looks at how much money a PHA has to spend, how much money it has spent/is projected to spend, and calculates the difference (or year-end reserves). One of the keys to this projection is determining how much the PHA is going to have to pay for each unit (known as the per unit cost, or PUC).

Depending on each individual voucher holder's situation (income, rent, family size, etc.), changing a payment standard may affect the rent paid by both the tenant and the subsidy paid by the PHA. As such, the PUC will change, which will change projections of overall PHA HCV program spending. Generally, increases in the payment standard will increase PUC and decreases in payment standard will reduce PUC. Payment standard increases take effect at the family's next annual reexamination (as such, the full effect on PUC will lag the introduction of the payment standard increase). Payment standard decreases take effect when the family moves, has a change in family composition/size, or at the second annual reexamination (again, there is a varying lag in the effect on PUC). As a result, modeling the effect of a payment standard change on program costs can be somewhat difficult. It is also important to note broader program changes that may arise from changing the payment standard; for example, increasing the payment standard will increase the buying power of the voucher which may, then, cause the success rate of issued vouchers to increase. PHAs should be aware of this and adjust issuing behavior accordingly.

## Payment Standard Tool Overview

With a few inputs, including a PIC Ad-Hoc Report, the PST will output the month-by-month PUC of a housing authority for new payment standards, as well as estimating the program participants' rent burden.

### *What inputs?*

- 1) **PIC information**, e.g. tenant-specific data, rent to owner, voucher bedroom-size, adjusted annual income – all variables needed to determine a potential change in cost and the timing (when during the year) this potential change takes effect. *NOTE: Those PHAs with greater than 10,000 families served will need to combine PIC files. See the step-by-step for details.*
- 2) **Fair Market Rents (FMRs)** for the various bedroom sizes, payment standards, end of year projected per unit cost, and any potential utility allowance/rent increase/income increase percentage projections.
- 3) **Current and proposed payment standards** for the PHA. *NOTE: This tool is built to accommodate running different payment standard scenarios for SINGLE FMR area PHAs.*
- 4) **FMR Areas (if applicable)** for those PHAs that have multiple FMR areas and/or multiple payment standards.

### *Where to find it?*

To access the Two-Year Tool, you can either 1) access it via the “Other Utilization Tools” link on the SharePoint page (internal for HUD) or 2) via the “[HCV Optimization Tools](#)” link (external users).

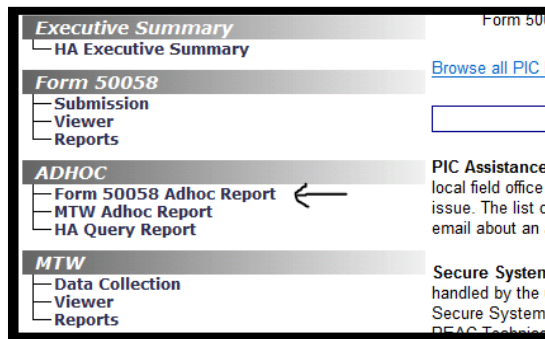
### *\*Multiple Payment Standards Tool (PST)*

The tool will ask the user if they are running a PST for a PHA with one payment standard, or multiple. If multiple, the user is asked how the families are put into their proper payment standard area – by city, by zip, or by something else. If it's the first two, the tool will use the PIC column information for city or zip, based on the unit to be occupied, and create a multiple area PST. If PIC information contains more than 20 areas, the tool will stop and ask the user to contact their field office. The PST only operates for up to 20 payment standard areas. A user may need to combine areas. If families are sorted by neither city, nor zip, or if some data grouping is needed, the user will need to use Column KZ (the first empty column in an All Fields PIC Ad-Hoc Report) to properly put families in their right payment standard area. If you have questions, please contact your field office.

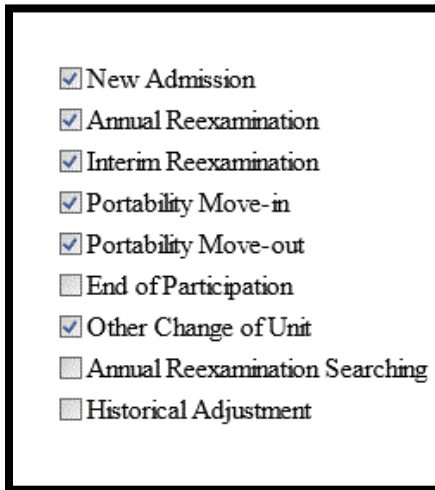
# Payment Standard Tool Step-by-Step

## Creating the proper PIC Ad-Hoc Report.

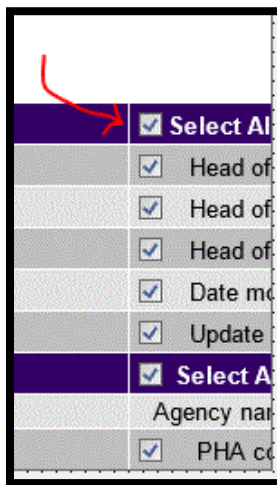
- 1) Log into WASS, then access the PIC system.
- 2) Select the PIC Ad-Hoc Report.



- 3) Select the appropriate PHA and choose "All Voucher Funded Assistance."
- 4) Select Action 1-5 and 7 (see below). The default dates are fine and can be left as they are.



- 5) Then, the user should select "All Fields" in all sections, on both pages.



- 6) Finally, the user should export the report to Excel, being sure to have the file format as Excel (e.g. .xls or .xlsx). One can confirm all fields were selected if the last column with data is KY.
- 7) Save to the desktop (or wherever strikes you), then close the file.

For PHAs with more than 10,000 families: combine each PHC Ad-Hoc file by adding the families at the bottom, so you have one file with one header and all the families listed below.

## Inputting FMRs and Payment Standards

Please input the appropriate current and future FMRs and payment standards.

FMR/PS/RB Analysis -											
Voucher Size	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom	7 Bedroom	8 Bedroom	9 Bedroom	10 Bedroom
Current											
FMR						\$0	\$0	\$0	\$0	\$0	\$0
Payment Standard											
As % of FMR											
2017 - Year 1											
FMR						\$0	\$0	\$0	\$0	\$0	\$0
Payment Standard											
As % of FMR											
2018 - Year 2											
FMR						\$0	\$0	\$0	\$0	\$0	\$0
Payment Standard											
As % of FMR											

Date	Annualized Rent	
Date	Annualized UA	
Date	Annualized Income	

**Quick How-To**

1. Load PIC Data.
2. Input Current, Year 1, and Year 2 FMRs and PSs.
3. Input PS Change Date/annual rent/utility change.

Double Click to Open the "How-To" Guide

After inputting this information, you will see the results of the analysis. Section 1 demonstrates the rent burden, by bedroom size, currently and at the end of the current and following year. Section 2 shows the estimated PUC change for the next few years (you can use the "Import into Two-Year Tool" button to include this in your TYT analysis). Section 3 demonstrates the projected annual HAP costs/changes of the new payment standard.

If red, HUD has the regulatory ability to require an increase in payment standards.		Percent >31% rent burden:	34.3%	Percent >31% rent burden:	26.6%	Percent >31% rent burden:	26.0%	Percent >30% rent burden:	26.0%
Bedroom Size	Total Count	~Current Rent Burden	CYE 2016 - Year 1	CYE 2017 - Year 2	CYE 2017 - Year 3				
Efficiency	43	2.3%	34.9%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
1 Bedroom	947	3.4%	17.5%	2.6%	13.4%	2.6%	12.9%	2.6%	12.9%
2 Bedroom	1,369	9.8%	44.0%	7.8%	36.2%	7.8%	35.8%	7.8%	35.8%
3 Bedroom	1,288	14.0%	37.2%	11.6%	27.0%	11.6%	26.5%	11.6%	26.5%
4 Bedroom	364	13.2%	35.4%	11.5%	26.9%	11.3%	25.8%	11.3%	25.8%
5 Bedroom	25	4.0%	20.0%	8.0%	12.0%	8.0%	12.0%	8.0%	12.0%
6 Bedroom	0								
7 Bedroom	0								
8 Bedroom	0								
9 Bedroom	0								
10 Bedroom	0								

Roll-Up Summary				
Category	Current	CYE - Year 1	CYE - Year 2	CYE - Year 3
Monthly HAP	\$1,743,219	\$1,771,492	\$1,773,284	\$1,773,284
End of Year Change from Prior		\$28,273	\$1,792	\$0
End of Year Change (%)		1.6%	0.1%	0.0%

Overall, by the end of 2017, your PUC will increase by \$7.45, or about 1.7%.			
PUC Change from Current			
	2016	2017	2018
January	\$0.00	\$0.44	\$0.00
February	\$0.75	\$0.00	\$0.00
March	\$0.86	\$0.00	\$0.00
April	\$0.47	\$0.00	\$0.00
May	\$0.38	\$0.00	\$0.00
June	\$0.63	\$0.00	\$0.00
July	\$0.53	\$0.00	\$0.00
August	\$0.59	\$0.00	\$0.00
September	\$0.77	\$0.00	\$0.00
October	\$0.80	\$0.00	\$0.00
November	\$0.59	\$0.00	\$0.00
December	\$0.62	\$0.00	\$0.00

*The other buttons:* The "Tool Notes" button indicates a few things about the tool (e.g. information on ports, exception payment standards, etc.). As it contains some important information, it is included on the next page. The "Payment Standards via Percent" button allows one, in lieu of setting a dollar amount for each bedroom size payment standard, to select a percent, and the year to which it should be applied. The "PIC Analysis" button shows the payment standard spread for each voucher bedroom size. The "Subsidy Standard Analysis" button shows those program participants that are "overhoused" (unit size > voucher size). It also shows the rent burden for both those "overhoused" and not overhoused. The "Rent Burden by Area-Bdrm Size," for multiple PS PHAs, shows the rent burden information broken out by both bedroom size *and* area. Finally, the "Two-Year Tool Import" button allows one to move the PUC changes in the PS Tool into the Two-Year Tool.