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Introduction

Simply, the objective of the Two-Year Tool (TYT) is to analyze a PHA's utilization situation, which includes running basic leasing and spending scenarios to better inform decisions going forward in an effort to optimize the program. The guidance that follows is a detailed explanation of the use of this tool. There are many variables that affect a PHA's HCV program, some outside of a PHA's control and some that can be impacted by policy and operations; variables including Congressional funding, cost per unit trends, the rate at which participants leave the program (i.e. the attrition rate), and the rate at which vouchers are successfully leased (including both overall success and time-to-success). As such, many of the steps in this guide require judgment, as determining the value of projection variables can be subjective.

The key to a useful projection is consideration of these variables, and with that consideration, informed decisions can be made.

There are two sections specific to HUD and one specific to PHAs; these sections are labelled as such.

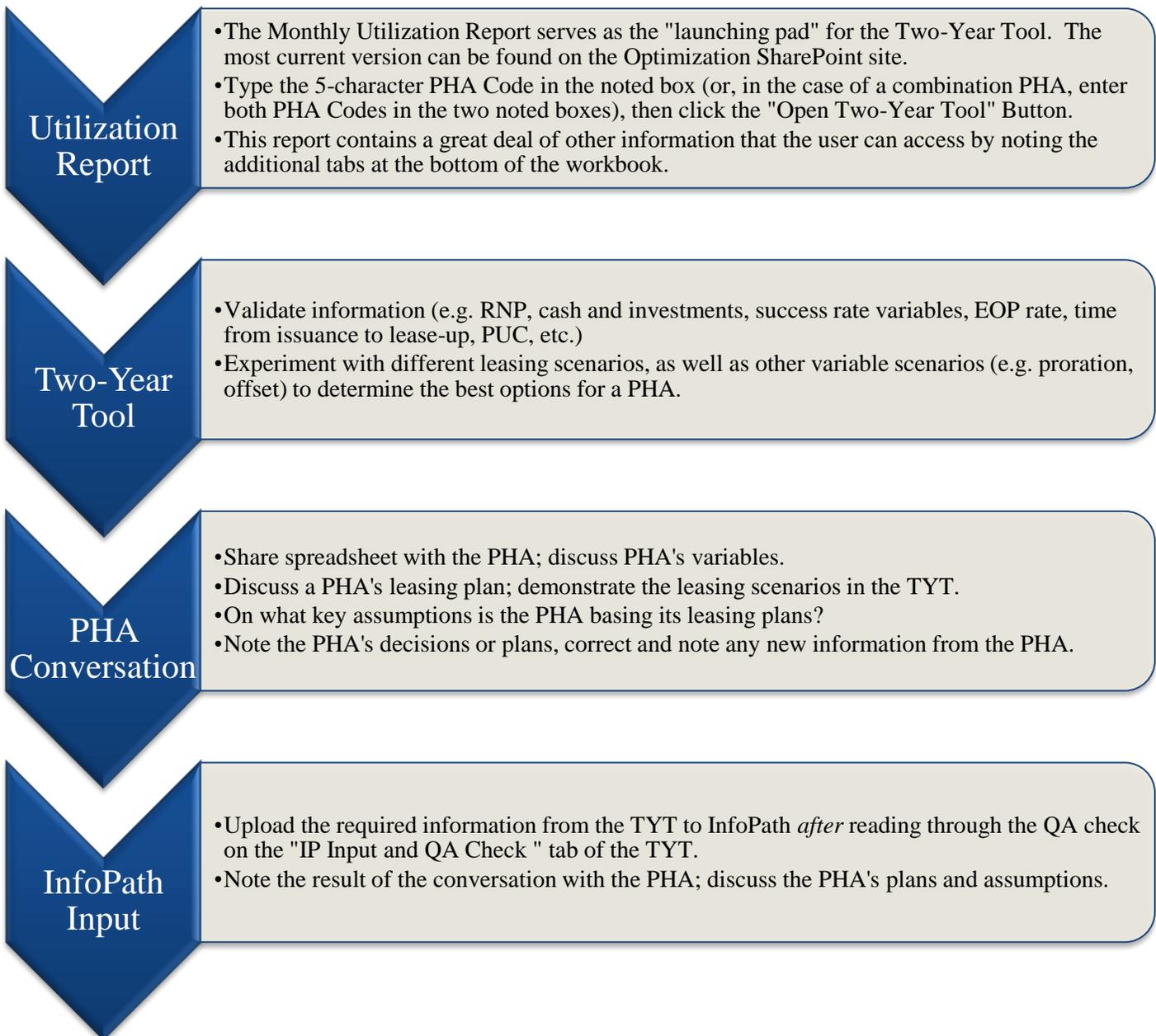
We encourage you to visit the HCV Tools Site, found [here](#), as well as the bite-size training videos, found [here](#).

HUD-Specific (Part I)

Process

The goal of the TYT is to facilitate a conversation with the PHA, in order to help in developing an informed strategy, for both the current and the following year, regarding voucher issuances, costs, and other decisions, in order to run an optimal and stable Housing Choice Voucher (HCV) program, to the extent allowable. The TYT allows for a straight-forward analysis using all of these variables beginning with the Monthly Utilization Report and ending with a conversation with the PHA.

You are encouraged to share forecasts with the PHA to facilitate your discussion with them, but be careful to label and/or characterize the TYT as “draft” or “for discussion only”. HUD does not dictate, nor require, a PHA to follow a specific leasing scenario. ***To restate, PHAs make the final decisions, and HUD does not specify the number of vouchers a PHA should issue or lease.***



PHA-Specific

Settings

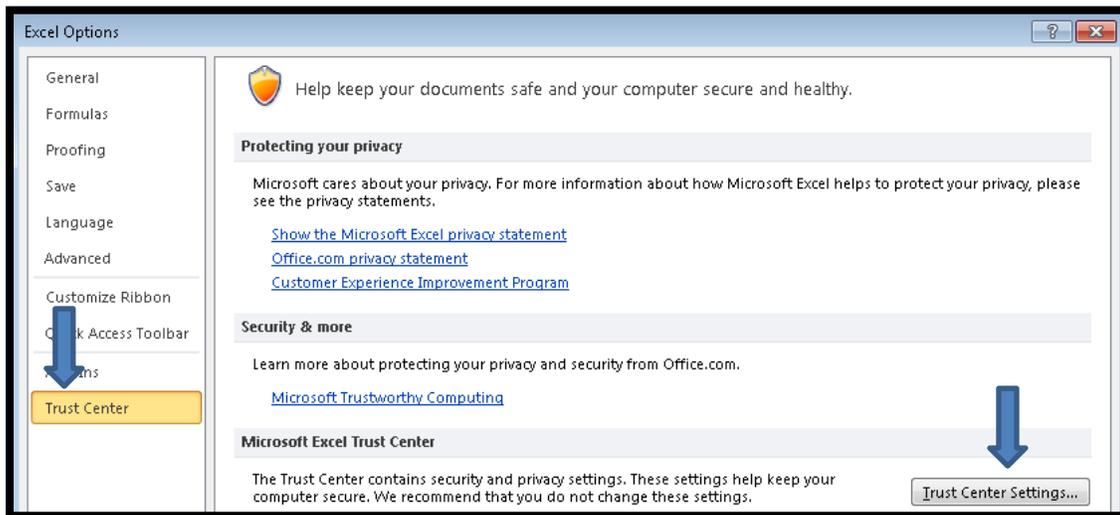
This workbook makes use of Visual Basic for Applications (VBA), a programming language used for many Microsoft Office applications. As the “running” of certain types of code creates security concerns, Microsoft sets up much of its Office Suite to default to a higher security level. In order for Tool to operate, one must change a few settings before opening the Tool. *It is important to note*, you may want to reset your settings after using the Two-Year Tool. [Here](#) is a little video to assist in this process.

(NOTE 1: Settings are particular to users; some or all of these steps may not be required by users.)

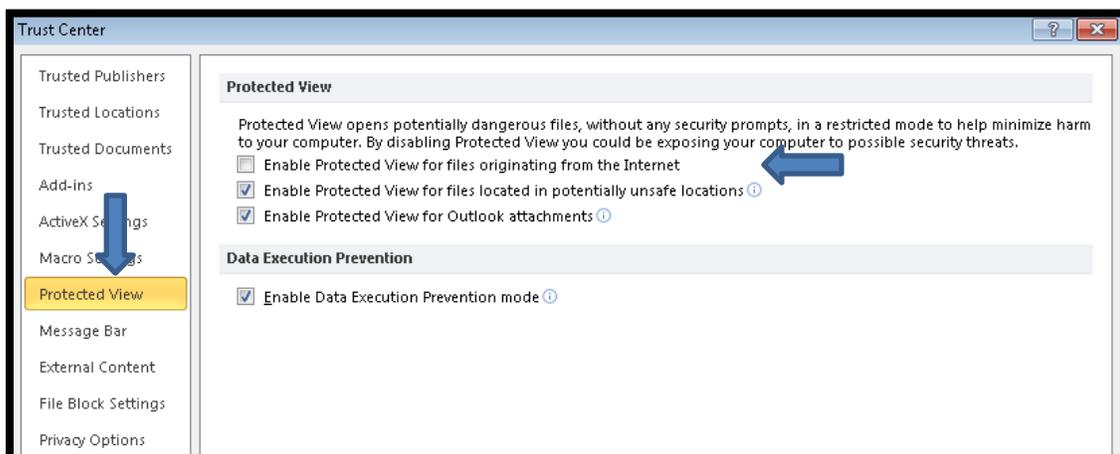
(NOTE 2: PHA users can now create TYTs with pre-populated TYT data with the instructions found [here](#).)

The images below may vary slightly depending on your version of Office, but the substance of the changes should remain the same. Below are the steps, with images, to allow the Tool to run appropriately.

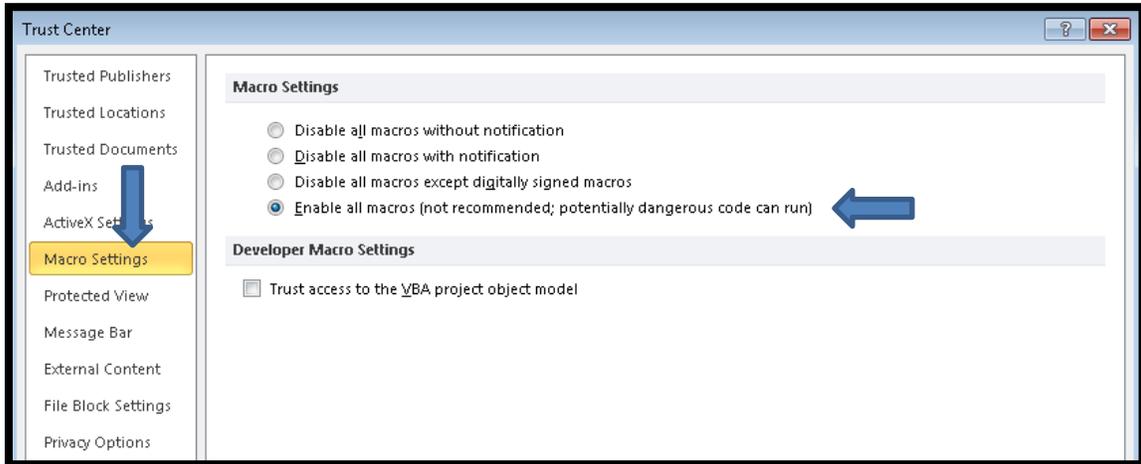
- 1) Open a blank workbook in Microsoft Excel.
- 2) Go to File → Options
- 3) Then Trust Center → Trust Center Settings



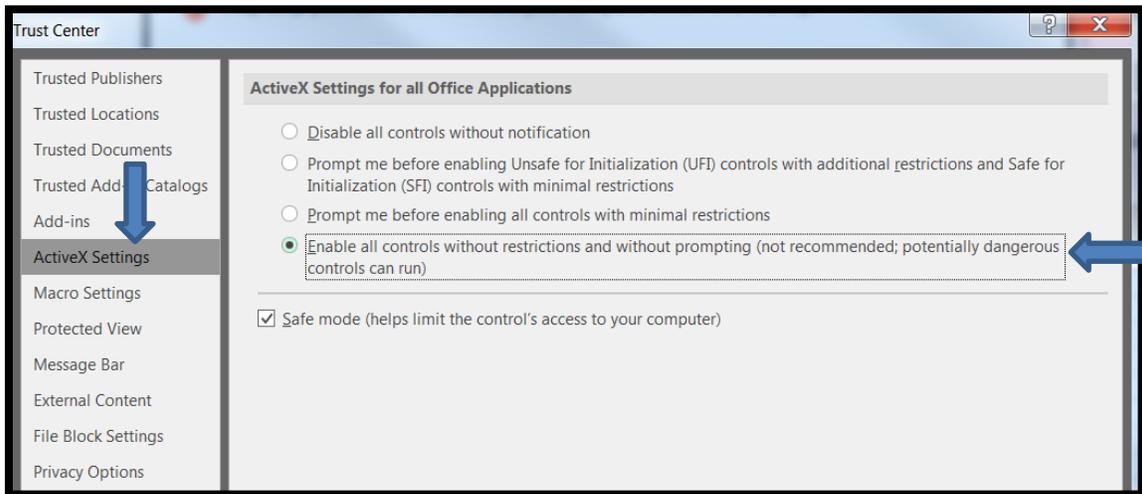
- 4) There are two main settings to uncheck – one within “Protected View” and one within “Macro Settings”. In “Protected View”, please *uncheck* “Enable Protected View for files originating from the Internet”.



5) In “Macro Settings”, please check “Enable all macros...”.



6) In “ActiveX Settings”, please check “Enable all controls...”.

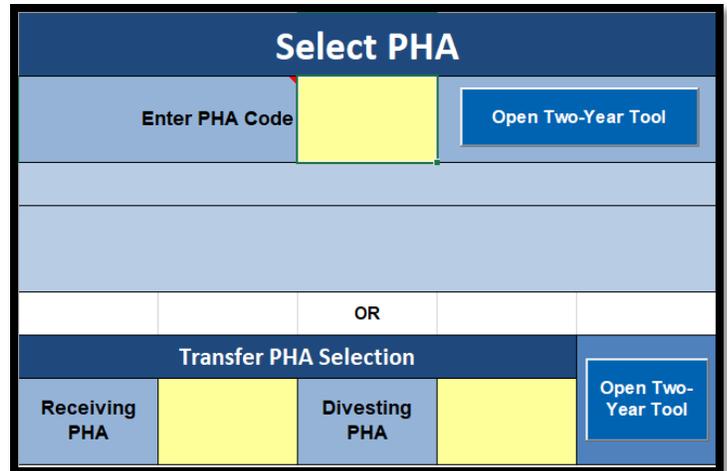


- 7) Close Microsoft Excel and open the Two-Year Tool.
- 8) Again, based your Housing Authority’s IT policy, you may want to revert the above changes in security setting after using the Two-Year Tool.
- 9) Any issues whatsoever, feel free to contact Patrick at patrick.j.hatch@hud.gov.

Monthly Utilization Report

For HUD users, the most recent version of the Monthly Utilization Report can be found on the [here](#). For PHA Users, the most recent version of the Monthly Utilization Report can be found [here](#). The Monthly Utilization Report serves as the “launching pad” for the Two-Year Tool; in other words, it is the source of the data that is moved into the TYT. The report contains updated VMS and PIC data. Upon opening the Monthly Utilization Report, an analyst will see below.

For the vast majority of tools, you will *first enter the five character PHA Code* (e.g. MA002), into the yellow box denoted as such. *Second, hit enter* and you will see the applicable information for the selected PHA populate. *Third, after making sure no other TYTs are open, select the blue “Open Two-Year Tool” button.* This will open and populate the Two-Year Tool for the selected PHA. To note, if an analyst is exploring the effects of a possible transfer of one PHA’s program to another, you will note the “Transfer PHA Selection” just below. Enter the receiving and divesting PHAs. The two PHAs information will be combined, and an analyst will be able to run a Two-Year Tool for a combined PHA.



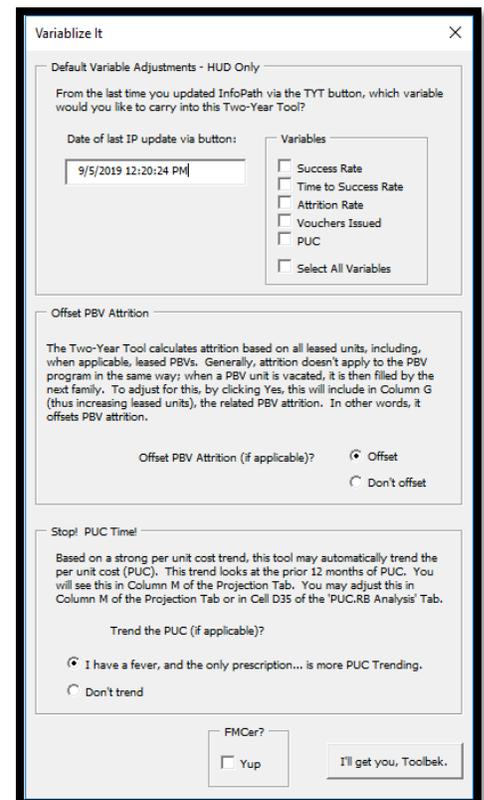
* For HUD users, this report contains lots of data, outside even of what is moved over into the Two-Year Tool. Please note the additional tabs at the bottom. This information can also prove useful in determining the details of certain TYT numbers.

** For both HUD and PHA users, when you click “Open Two-Year Tool”, you will be asked a few things. The first section, “Default Variable Adjustments” (applies only to HUD) asks about carrying forward some of the changes made in prior tools. Select the variable(s) you would like to use in the TYT.

An analyst is also asked if the Two-Year Tool should be generated with PBV attrition being offset (as these units should be filled upon vacancy). Offsetting attrition will occur in the leasing chart, Column G. The default option is to offset.

Additionally, the user is asked if the Tool should automatically trend the PUC based on past PUC movement (must have a strong, positive correlation to trend). The default is to trend.

Finally, there is also an option to say that the user is in the FMC. If that box is selected, the Two-Year Tool will open on the “Additional Disbursement” tab.



Two-Year Tool Detailed Steps

Two-Year Tool Variable Sections

After clicking the “Open Two-Year Tool” button in the Utilization Report, the TYT will open. Broadly speaking, the cells in yellow are editable by the analyst – they can be updated, changed, or zeroed out. The other cells are locked and are populated from the Utilization Report, or are formula-driven.

This report will walk through the primary sections; please see the blank tool below.

The screenshot displays the Two-Year Tool interface, a complex spreadsheet used for forecasting. It is divided into several main sections:

- ACC/Feeding Information:** A table with columns for Current Year (2019), Year 2 (2020), and Year 3 (2021). It includes rows for Beginning ACC Voucher, Feeding Components (Total ABA Feeding, Offset of RAP Reserve, Set Aside Feeding), and New ACC Units Feeding.
- Feeding Projections/Offset Levels:** A table showing RRP (Reserve Ratio Percentage) for Year 2 (2020) and Year 3 (2021) across different categories like Administrative Fees.
- Program Projection Variables:** A table detailing Time from Issuance to RAP Effective Date (Current: 2.28 months) and associated rates (e.g., 70% Asses. Transfer Rate).
- HUD-Held Reconciliation Cash Sufficiency Check:** A table comparing HUD-estimated CYE RRP with HUD-estimated CYE RRP, including HUD-allocated Net Excess Cash and HUD-allocated (Chd) Cash/Overide.
- Administrative Fee Analysis:** A table comparing 2019 and 2020 data for categories like <math>< 1,200 UMLs</math> (No Prorata) and $> 1,200 UMLs$ (No Prorata).
- Monthly Data Table:** A large table with columns for Year (2019, 2020), UMLs, Actual UMLs, Actual RAP, Vouchers Issued/Projects & To Be Issued, Other Placed Additional Projections, New Leading from Issued Vouchers, Estimated Attrition, UMLs Actual/Projects, RAP Actual/Projects, PUC Actual/Projects, Maxed PUC Override, Cumulative % Asses. Issued, Cumulative % Eligibility Expended, Monthly UMLs, and Monthly ABA Expended %.

Numbered callouts (1-5) and lettered callouts (A-Z) highlight specific areas of interest or variability within the tool.

#1 – Beginning Year Reserves

The tool is populated with the HUD-established CYE HHR (see reconciliation enclosure), the HUD-estimated Excess Cash, the PHA-Held Cash as 12/31 of the prior year (from VMS), the HUD-Reconciled HHR, and the VMS-reported prior calendar year-end (CYE) RNP (Restricted Net Position –formerly Net Restricted Assets).

For purposes of budget authority, the tool uses the cash-supported year-end reserves (total reserves). It starts with the HUD-Held Reserves, adjusts for any PHA-Held Reserves (referred to as “Excess Cash”) – as calculated by the Financial Management Division (FMD), to come to a total reserve (HUD-Reconciled) number. This number is then subjected to a cap of the cash available at the PHA to support the FMC-calculated “Excess Cash”. Finally, a floor is put in place to assure the PHA does not start the year with reserves below \$0.

In the example below, the PHA started with HUD-Held Reserves of almost \$5.4 million. The FMD calculated an under disbursement (PHA spent more money than was disbursed) for the prior year of \$3.1 million. This \$3.1M, for prior year expenses, will be disbursed from the HUD-Held reserves to make the PHA “whole” for last year, thus lowering the amount available to spend this year. This, then, allows the tool to use the budget authority in reserves available for current year expenses. Were the “Excess Cash” to have been positive, and the cash lower, the tool would automatically use the lower of the two to assure the PHA has the cash in place to pay projected expenses.

Finally, the bottom box shows a comparison of “Excess Cash” to PHA-Reported prior year RNP. These two numbers (remember, “Excess Cash” is, essentially, the FMD’s calculation of a PHA’s end of year reserves) should be quite close. Please investigate differences through discussions between the Financial Management Center (FMC) and the PHA.

Total Cash-Supported Prior Year-End Reserves	\$2,335,882	\$194,656	\$6,621,118	HUD-Held Reconciliation Cash Sufficiency Check			12.31.2015 Reconciliation
				HUD-established CYE HHR (Recon Line 33)	\$5,399,565		HUD-established CYE HHR (Recon Line 33)
Total Funding				HUD-estimated Net Excess Cash (Recon Line 24)	(\$3,063,683)	\$78,338	PHA-Held Cash 12/31/2015 (VMS)
Total Funding Available	\$184,520,037	\$184,531,165	\$184,531,165	HUD-Reconciled (Line 34)	\$2,335,882	\$5,477,903	HUD-Reconciled (Cash Capped)
				Lower of H17/I17 (May Override)	\$2,335,882		Lower of H17/I17 (May Override)
HUD-Reconciled Excess Cash v PHA RNP (12/31/2015)							
				HUD v. PHA difference: \$75,522.00 or 0% of Eligibility	(\$3,139,205)	<--VMS EOY RNP =====	EOY Excess Cash -->
							(\$3,063,683)

#2 – Updated VMS information

An analyst should retrieve and input the most current VMS information into the TYT. This includes current year unit months leased (UMLs) and current year housing assistance payments (HAP) expense. This information is entered into the “ACTUAL Leased Units” and “ACTUAL HAP” columns, in the corresponding month. The TYT includes a tool that will do this, after retrieving the Data Collection Report (DCR) from VMS, automatically. Please see “Access Additional Tools”.

The third piece of information to gather from VMS is vouchers on the street – found online “New vouchers issued but not under HAP contracts as of the last day of the month” which goes into Column F of the TYT. In lieu of data on the amount of vouchers issued *each month* by the PHA, an analyst can use the total vouchers on the street from the single, most recent month. This may be replaced with historic actual vouchers issued if available. *However, when using vouchers on the street, we only use them for the most recent month, with no data input for prior months, otherwise we would be double counting.* Enter this number in the most recent month of the “Vouchers issued, or projected to be issued” column.

2016	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projected To Be Issued	Other Planned Additions/Reductions
Jan-16	14,284	13,747	\$15,356,519		
Feb-16	14,284	13,789	\$15,462,910		
Mar-16	14,284				
Apr-16	14,284				
May-16	14,322				
Jun-16	14,322				
Jul-16	14,322				
Aug-16	14,337				
Sep-16	14,372				
Oct-16	14,372				
Nov-16	14,372				
Dec-16	14,372				
Total	171,927	27,536	\$30,819,429	0	0
2017					
Jan-17	14,372				
Feb-17	14,372				
Mar-17	14,444				
Apr-17	14,444				
May-17	14,444				
Jun-17	14,444				
Jul-17	14,444				
Aug-17	14,444				
Sep-17	14,444				
Oct-17	14,444				
Nov-17	14,444				
Dec-17	14,444				
Total	173,184	0	\$0	0	0

The bottom of the TYT contains a “Graphs” button that will allow the user to choose from a few key graphs. Also, there is a comment box at the bottom of the tool that states key considerations to consider when updating and analyzing a tool, including information on RNP and SPVs. (In the case the PHA has a PBV or RAD program, a “PBV.RAD” tab will appear showing historical information related to the PHA’s PBV and/or RAD program, including information from VMS, PIC, and other HUD systems.)

#3 – Leasing Rate Variables

Success Rate

The success rate (Cell K5) is the percent of issued vouchers that are successfully leased (and not returned to the PHA). For example, if a PHA issues 10 vouchers and 7 are leased-up with 3 coming back to the PHA, the PHA’s success rate is 70 percent (7/10). The default success rate used in the tool is 70 percent, but should be updated with the actual PHA’s rate where available. This can be obtained from the PHA; additionally, the TYT provides a tool that allows for an analyst to track issuances and lease-ups to determine an actual success rate. Please see “Access Additional Tools”.

Annual Turnover Rate (Attrition Rate)

The annual turnover rate (Cell M5) is the percent of the program that turns over each year. For example, if a PHA has annual average units leased of 100, with a total of 10 end of participations (EOPs) for the year, the attrition rate is 10 percent.

The default attrition rate used in the Tool (Cell M5) is a staggered 12-month snapshot of EOPs, then compared to UMLs to generate an attrition rate. The information found below (Cell M6) is information as of the end of the prior month.

The amount of time it takes a PHA to perform the work of entering 50058 EOPs in PIC varies, in some cases taking a month or more. So, this staggered snapshot likely gives PHAs enough time to input all EOPs; for example, data for the 12 months ended 12/31/2017 would be pulled at the end of March 2018, or later. However, that data is older and may not capture any major EOP trend movements (though those are not frequent). So, the tool has two numbers – one likely complete, though delayed; the other, potentially incomplete, but current. In many cases, the numbers are close. In other others, it may warrant a conversation with the PHA to determine the best number to use in the Tool. Comparing the data is the key here. Of course,

Of course, if some other information is known that would cause the going-forward EOP rate to differ from these historical numbers, the Tool should use whatever rate is most likely to reflect attrition going forward.

Time from Issuance to HAP Effective Date

The time from issuance to HAP effective date (Cells K8-K12) is the speed at which vouchers issued are leased. Using the number from the success rate example above, say of the 7 that lease up, 2 lease up in the first 30 days, 1 in the 31-60 day range, and 4 in the 60 to 90 day range, then 28.5 percent would be in the “% Leased in 30 days” cell (2/7), 14.3 percent in the “% percent leased in 30 to 60 days” box (1/7), etc. As with the success rate, this information is pre-populated with default variables. The TYT provides a tool that allows for an analyst to better determine a PHA’s actual rates; please see “Access Additional Tools”. The information used here is only to *estimate* the speed at which vouchers lease up; for example, vouchers may lease up at varying times during the month but be put into the same 30-day group. This will inexactly measure some HAP costs, but it will provide a decent estimate overall.

Estimated Inflation

This box does not allow for user input. It is populated when HUD receives inflation numbers from PD&R. Absent that, the default rate is 100%. Individual PHA inflation factors can make a large difference during the planning process.

Program Projection Variables			
Success Rate	68%	Annual Turnover Rate	4.7%
			PIC EOP % as of 4/30/2018 (591 EOPs): 4.49%
Time from Issuance to HAP Effective Date (Current: 2.7 months)			
% leased in 30 days	15%	*NOT FINAL* Inflation Estimate 2.2%	
% leased in 30 to 60 days	25%		
% leased in 60 to 90 days	35%		
% leased in 90 to 120 days	25%		
% leased in 120 to 150 days	0%		

#4 – Per Unit Cost (PUC)

Per Unit Cost is the amount each voucher costs the PHA, on average, per month. The Two-Year Tool populates with actuals, where available, and then uses the last known actual going forward. In some cases, the last actual may contain an aberration that isn't reflective of future months PUC. In many cases, PUCs are trending in one direction. As a result, in all cases an analyst should review this information and determine what modifications to make to the “Manual PUC Override” column.

The TYT contains a tab entitled “PUC.RB Analysis” that allows an analyst to examine the PUC and rent burden trends. This tab, as seen below, contains a chart showing three-month rolling averages, the month-to-month change, and a graph showing a PUC trend line. This information should be used to inform an analyst when adjusting PUCs in the “Override” column. There is a drop-down that allows a user to automatically transfer the projected three-month rolling average and linear trends to the Projection Analysis Tab. PLEASE EXERCISE CAUTION when using this option, as the projection, carried forward, is using data that may include aberrations, etc. that are not indicative of future trends. The tab also contains a chart showing rent burden over time, as well as a chart looking at a unit-weighted two-bedroom FMR over time.

Some key questions to consider:

- Is the most current month's PUC indicative of cost trends, or is it an aberration?
- Does the three-month rolling average significantly differ from the last actual?
- Does the graph indicate a trend that using the last actual would omit?
- Do the graphs indicate a need to address rent burden by examining payment/subsidy standards?

PUC: Actual/Projected	Manual PUC Override
\$1,117	
\$1,121	
\$1,124	\$1,124
\$1,124	
\$1,124	
\$1,124	
\$1,124	
\$1,124	
\$1,124	
\$1,124	
\$1,126	\$1,126
\$1,126	
\$1,126	
\$1,126	
\$1,130	\$1,130
\$1,130	
\$1,130	
\$1,130	
\$1,130	
\$1,130	
\$1,130	
\$1,130	
\$1,129	

PUC Analysis						
Year	Month	ACTUAL Leased Units	Actual HAP	Per Unit Cost	Monthly Change	Rolling Three Month
2016	J	5,780	\$2,782,593	\$483.09		
2016	F	5,770	\$2,807,563	\$486.58		
2016	M	5,767	\$2,867,708	\$497.26	2.20%	\$488.98
2016	A	5,775	\$2,775,674	\$480.64	-3.34%	\$488.16
2016	M	5,776	\$2,798,304	\$484.47	0.80%	\$487.46
2016	J	5,772	\$2,806,667	\$486.08	0.33%	\$483.73
2016	J	5,775	\$2,804,702	\$485.66	-0.09%	\$485.41
2016	A	5,755	\$2,767,608	\$480.90	-0.96%	\$484.22
2016	S	5,730	\$2,846,502	\$496.77	3.30%	\$487.78
2016	O	5,863	\$2,761,033	\$470.56	-1.25%	\$489.41
2016	N	5,646	\$2,765,197	\$489.76	-0.16%	\$492.37
2016	D	5,650	\$2,719,955	\$481.41	-1.71%	\$487.24
2017	J	5,577	\$2,658,691	\$476.72	-0.97%	\$482.63
2017	F	5,578	\$2,708,932	\$485.66	1.87%	\$481.26
2017	M	5,583	\$2,634,236	\$482.58	-0.63%	\$481.65
2017	A	5,601	\$2,723,757	\$487.37	0.99%	\$485.20
2017	M	5,610	\$2,766,336	\$493.11	1.16%	\$487.63
2017	J	5,626	\$2,775,841	\$493.40	0.06%	\$491.25
2017	J	5,645	\$2,811,230	\$498.01	0.94%	\$494.84
2017	A					
2017	S					
2017	O					
2017	N					
2017	D					

Note: Approximately 100.0% reside in the primary FMR area.

In cases where PHAs made significant prior period adjustments (going back and changing prior VMS-reported months) that aren't picked up in the Monthly Utilization Report, the TYT contains a tool that allows for the quick input of updated prior year UMLs and HAP. Please see “Access Additional Tools”.

Finally, there is a button “Material New Units at a Material New PUC”, that allows a user to incorporate newly funded vouchers that are, in size and/or PUC, enough different from the program-wide PUC to sway the overall average.

#5 – Budget Authority

The TYT allows for an analyst to run scenarios using different Years 2 and 3 HAP proration (Cells H6 and H7) and Admin Fees percentages (Cells H11 and H12), as well as different Years 2 and 3 Offset numbers (Cells H8 and H9).

A proration of HAP Funds and/or Admin Fees means a PHA is eligible for \$XX dollars, but because Congress appropriated an amount less than eligibility, the amount needs to be reduced to match the available dollars.

HUD has established, in prior years, a position of determining "excess" reserves based on size (<250 units, 12%; 250-499 units, 6%; >=500 units, 4%). HUD then determines the amount of funds needed from the offset (for such objectives as raising the proration, supplementing the shortfall pot, etc.). Then, from this "eligible for offset excess reserve" pot of funds, HUD determines the percentage needed to attain the number needed for offset.

In other words, HUD determines a % of the "excess" reserve pot that is needed. This number is populated based on information from prior years and best-known information to date. In 2016 and 2017, HUD used a 14% and 16%, respectively, cut for "excess" reserves.

HUD, also, has a history of protecting certain categories from offset. Please see, for example, the 2018 funding notice. This tool takes into account the PHA size thresholds (see above discussion) and VASH full leasing reserve protection (just for the offset in Year 2).

ACC/Funding Information				Funding Proration/Offset Levels	
ACC	Current Year (2018)	Year 2 (2019)	Year 3 (2020)	HAP	
Beginning ACC Vouchers	5,757	5,760	5,760	Year 2 (2019) Rebenchmark	100.0%
Funding Components	Current Year (2018)	Year 2 (2019)	Year 3 (2020)	Year 3 (2020) Rebenchmark	100.0%
Initial BA Funding (net offset)	\$34,963,298	\$33,930,725	\$31,981,379	Year 2 (2019) % 'Excess' Reserves Offset	0.0%
Offset of HAP Reserves	\$0	\$0	\$0	Year 3 (2020) % 'Excess' Reserves Offset	0.0%
Set Aside Funding	\$0			Administrative Fees	
New ACC Units Funding	\$11,961	\$3,987	\$0	Year 1 (2018)	77.0%
Total ABA Funding Provided	\$34,975,259	\$33,934,712	\$31,981,379	Year 2 (2019)	77.0%

While the TYT provides much of the other information shown on the left, these cells are available for adjustment based on information not contained in the Monthly Utilization Report. Notably, if a PHA receives an allocation of tenant protection vouchers during the year, ACC units and funding are awarded and need to be reflected in the TYT. This can be done via the "New ACC Units" tool found in the "Access Additional Tools" button.

Two-Year Tool Analysis

Understanding the variable input sections allows for the following analysis (see the * on the TYT – page 5):

1. Assess key spending and leasing projection results for Years One and Two. This is an initial check of a PHA’s position reflecting only the vouchers now on the street - with no issuance scenario for future months.
2. Test various issuance scenarios for the remainder of the calendar year and the following year (even, in “Access Additional Tools”, Year 3 and 4), determining how to best optimize leasing and spending. As we can see, this PHA has a CYE (Year 1) estimated reserve of 3.9 percent and a CYE (Year 2) estimated reserve of 3.4 percent. You may also notice that the PHA started Year 1 with an estimated 2.0 percent reserve.
3. In an effort to lease more vouchers, to lower the estimated CYE reserve in Year 1, but particularly in Year 2, one could experiment with leasing scenarios, as shown below (also shows PUC adjustment done after analysis of the “PUC Analysis” Tab). The issuing pattern shown below was chosen after some experimenting; there are other combinations of issuances that may result in a similar outcome.

Leasing and Spending Outcomes: Current and Following Year Projections		
	2018	2019
UML % of ACC (UMA)	99.6%	99.9%
HAP Exp as % All Funds	96.2%	96.7%
HAP Exp as % of Eligibility only	98.1%	100.6%
End of Year Results		
Projected 12/31 Total HAP Reserves	\$1,358,284	\$1,166,753
HAP Reserves as % of ABA (Start: 2.0%)	3.9%	3.4%
"Excess" Reserves Subject To Offset	\$0	\$0
End of Year 3 Results (2020)		
\$581,349	1.7%	Projected Total HAP Reserves ===== Reserves % BA

2016	UMAs	Actual UMLs	Actual HAP	Vouchers Issued/Projects To Be Issued	Other Planned Additions/Reductions	New Leasing from Issued Vouchers	Estimated Attrition	UMLs: Actual/Projected	HAP: Actual/Projected	PUC: Actual/Projected	Manual PUC Override	Cumulative % Annual Leased	Cumulative % Eligibility Expended	Monthly UML %	Monthly ABA Expended %
Jan-16	14,284	13,747	\$15,356,519			0	-54.4	13,747	\$15,356,519	\$1,117		96.2%	100.5%	96.2%	100.5%
Feb-16	14,284	13,789	\$15,462,910			0	-54.4	13,789	\$15,462,910	\$1,121		96.4%	100.8%	96.5%	101.2%
Mar-16	14,284	13,801	\$15,712,910	75		0	-54.6	13,801	\$15,712,910	\$1,139	\$1,124	96.5%	101.2%	96.5%	102.8%
Apr-16	14,284			75		0	-54.8	13,754	\$15,859,399	\$1,139		96.4%	101.7%	96.3%	102.5%
May-16	14,322			75	10	20	-54.5	13,730	\$15,632,002	\$1,139		96.3%	101.9%	95.9%	102.3%
Jun-16	14,322			75		38	-54.4	13,714	\$15,613,651	\$1,139		96.2%	101.9%	95.8%	102.2%
Jul-16	14,322			75		51	-54.3	13,711	\$15,609,889	\$1,139		96.1%	101.9%	95.7%	102.2%
Aug-16	14,337			75		51	-54.3	13,707	\$15,606,141	\$1,139		96.1%	102.0%	95.6%	102.1%
Sep-16	14,372			75		51	-54.3	13,704	\$15,602,409	\$1,139		96.0%	102.0%	95.4%	102.1%
Oct-16	14,372			75		51	-54.3	13,701	\$15,426,965	\$1,126	\$1,126	95.9%	101.9%	95.3%	101.0%
Nov-16	14,372			75		51	-54.3	13,697	\$15,423,302	\$1,126		95.9%	101.8%	95.3%	100.9%
Dec-16	14,372			75		51	-54.2	13,694	\$15,419,655	\$1,126		95.8%	101.7%	95.3%	100.9%
Total	171,927	41,337	\$46,532,339	750	10	372	-692.6	164,749	\$186,925,752	\$1,132		95.8%	101.7%		
2017															
Jan-17	14,372			75		51	-54.2	13,691	\$15,416,021	\$1,126		95.3%	99.2%	95.3%	99.2%
Feb-17	14,372			75		51	-54.2	13,688	\$15,412,403	\$1,126		95.3%	99.2%	95.2%	99.2%
Mar-17	14,444			75		51	-54.2	13,685	\$15,408,798	\$1,126		95.1%	99.2%	94.7%	99.1%
Apr-17	14,444			75	10	51	-54.2	13,691	\$15,416,468	\$1,126		95.0%	99.2%	94.8%	99.2%
May-17	14,444			75		51	-54.2	13,688	\$15,467,600	\$1,130	\$1,130	95.0%	99.2%	94.8%	99.5%
Jun-17	14,444			75		51	-54.2	13,685	\$15,463,981	\$1,130		94.9%	99.3%	94.7%	99.5%
Jul-17	14,444			75		51	-54.2	13,682	\$15,460,376	\$1,130		94.9%	99.3%	94.7%	99.5%
Aug-17	14,444			75		51	-54.2	13,679	\$15,456,785	\$1,130		94.9%	99.3%	94.7%	99.4%
Sep-17	14,444			75		51	-54.2	13,675	\$15,453,209	\$1,130		94.8%	99.3%	94.7%	99.4%
Oct-17	14,444			75		51	-54.2	13,672	\$15,449,647	\$1,130		94.8%	99.3%	94.7%	99.4%
Nov-17	14,444			75	15	51	-54.1	13,684	\$15,463,049	\$1,130		94.8%	99.3%	94.7%	99.5%
Dec-17	14,444			75		51	-54.2	13,681	\$15,459,448	\$1,130		94.8%	99.4%	94.7%	99.5%
Total	173,184	0	\$0	900	25	612	-690.3	164,201	\$185,327,784	\$1,129		94.8%	99.4%		

As for Year 3, the tool shows the PHA will end with 1.7% in reserves.

This is just a rough idea of the kind of leasing that might be supportable and would serve as a start when comparing notes and discussing PHA plans.

Year-End Outcomes	2016	2017
UML % of ACC (UMA)	95.8%	94.8%
HAP Exp as % All Funds	99.4%	98.7%
HAP Exp as % of Elig.	101.7%	99.4%
Proj. 12/31 Total Reserves	\$1,176,753	\$2,380,166
HAP Reserves - % ABA	0.7%	1.3%

The Year-End results are duplicated in the box to the left – “Summary Outcomes” (which can be turned on/off by clicking “Ctrl+b”). This box allows an analyst to run leasing scenarios without constantly scrolling up and down.

Additionally, the box will highlight, in red, situations where a PHA 1) exceeds its UMA allocation; 2) exceeds its available funds, thus the tool is projecting a shortfall; or 3) shows greater than X percent reserves based on size (<250 units, 12%; 250-499 units, 6%; >500 units, 4%) at the end of the year AND is leasing less than 95 percent of

its available funds. It is IMPORTANT to note that each PHA’s leasing situation is unique and must be examined as such – do not run a tool to just avoid a red box.

A) Administrative Analysis

In addition to analyzing a PHA’s HAP projections, the TYT also contains a projection that analyzes a PHA’s Administrative Fees, expenses, and reserves to determine the going concern status. The TYT contains a summary of this information (with additional information found in “Access Additional Tools”).

The summary shows information related to operating revenues and expenses. The TYT will compare a PHA’s administrative spending per UML to its peer groups (both Earnings/UML & Size and Statewide), as well as show the amount of Unrestricted Net Position (UNP) (formerly Unrestricted Net Assets) with which a PHA is projected to end the year. In this example, the PHA is spending \$82.62 on administration per UML based on its submitted VMS information, and this compares to its peer group with similar revenue and size of \$78.38 – rather close. PHAs in the same State regardless of revenue per unit or size spent a little more per UML - \$87.57.

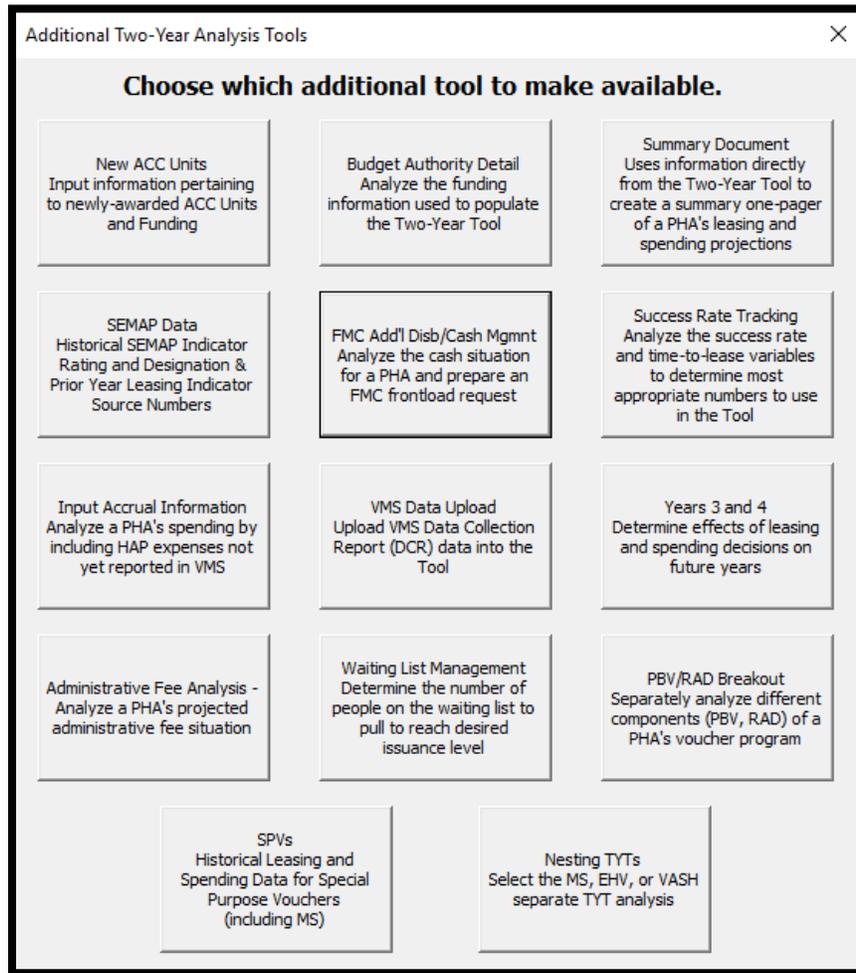
Administrative Fees Analysis			2016	2017
<= 7,200 UMLs (No Proration)	> 7,200 UMLs (No Proration)	Admin Fees Earned (PY: \$14,421,755)	\$15,657,114	\$14,324,737
\$21.48	\$113.37	Expense	\$13,594,971	\$13,404,456
Expense %			86.8%	93.6%
<small>MA002 has a cost per UML of \$82.62 compared to its Earnings/UML & Size peer group of \$78.38 (a difference of 5.1%) and its state peer group (of all PHAs in the state) of \$87.57 (a difference of -6%).</small>			<small>Based on the most recent, official (end of fiscal year) UNP, MA002 has a projected 2016 Calendar Year-End (CYE) UNP of (\$4,073,126) (or -26% of CY 2016 Earned Admin Fees) and a 2017 CYE UNP of (\$3,152,845) (or -22% of CY 2017 Earned Admin Fees).</small>	

There are no variables to manipulate when it comes to the Administrative Fees Analysis. Broadly, the analysis examines a PHA’s last official reported UNP, records actuals and projections where needed to estimate year-end UNPs, while taking into account current ports. It is only an estimate but serves as a great starting point for analysis. (NOTE: This analysis only considers a PHA’s reported administrative reserves and the associated administrative earnings and expenses. It does not include potential, additional outside funds.)

* The Administrative Fee Analysis Tab contains the support for the above shown chart. For estimating future month Admin Expenses, the TYT takes the average of expenses since the start of the prior year, and uses that number going forward. This can be adjusted by simply unprotecting the sheet (no password). Also, when estimating ports, the TYT uses the amount of ports to date for the year, then estimates to the end of the year using last actual. Additional information can be found in the comments within each cell.

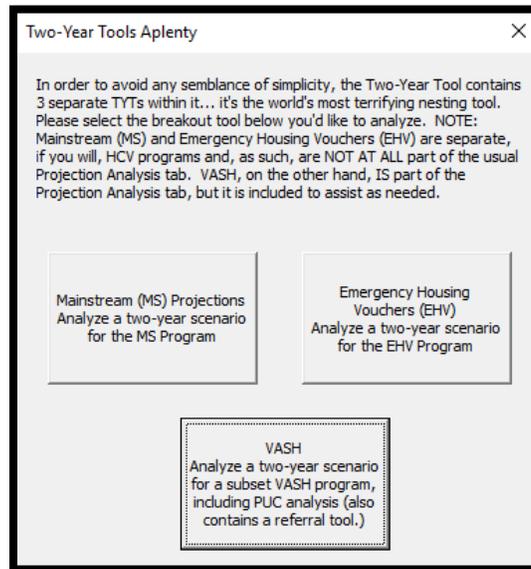
B) Access Additional Tools Button

The TYT contains other tools via the “Access Additional Tools Button” – which has been alluded to throughout this document. Each of these additional tools contains instructions for its use, but an overview is provided below.



- New ACC Units:* Information input here, based on new unit awards such as TPVS, loads into the TYT, so the proper UMAs and BA are included in the analysis.
- Budget Authority Detail:* Displays the funding detail, as well as new increments information, from HUDCAPS.
- Summary Document:* Based on the TYT work, creates a one-page document that can be easily printed and presented as an executive level summary of the tool prepared.
- SEMAP Data:* This displays information related to historical PIC Indicator Scores and Designations, as well as the prior year's leasing indicator scoring information.
- FMC Add'l Disb/Cash Mgmt:* Helps PHAs track cash status for monthly payments, as well as estimate monthly HUD-Held Reserves; the FMC utilizes this tool for additional disbursements.
- Success Rate Tracking:* Allows a PHA to track actual success rate and time-to-success variables, as well as waiting list issuance success rate and, if needed, to modify the tool to look at lease-up rates in excess of 150 days.

- Input Accrual Information:* Allows for the TYT to capture HAP expenses not reported in VMS.
- VMS Data Upload:* Updates selected year with Data Collection Report from VMS. Also, this tool will load a copy of the VMS DCR into the TYT as a separate tab.
- Years 3 and 4:* Allows for a PHA to analyze its program into the 3rd and 4th years.
*May or may not be here; sometimes it is loaded as a tab by default.
- Administrative Fee Analysis:* Provides detailed information related to projecting administrative revenue and expenses.
- Waiting List Management:* Analyzes (after inputting waiting list success rate; user may use “Success Rate Tracker” to track this) the number of people from the waiting list needed to meet projection goals.
- PBV/RAD Breakout:* Allows a PHA to run projection scenarios (e.g. leasing, PUC adjustments, etc.) by program type – PBV v. non-PBV, or even to break PBV into RAD1/non-RAD 1 PBV.
- SPVs:* Examines historical SPV leasing and spending.
- Nesting TYTs:* Allows a PHA to examine, where applicable, their Emergency Housing Voucher (EHV) and Mainstream (MS) Program, both of which are separate and distinct from the PHA’s larger HCV program. Additionally, it allows a PHA to analyze a PHA’s VASH program, with some caveats, on its own (NOTE: VASH *is* part of the larger HCV program).



- MS:* Allows the user to run a MS-specific TYT and related tools.
- EHV:* This allows for a specific analysis on a PHA’s EHV program, in some ways like the regular tool. *However*, this program is unit-based, not budget-based. This tool contains a referral tool, that will allow one to determine the needed referrals to reach varying goals.
- VASH:* This allows for a specific analysis on a PHA’s VASH program, in much the same way as the tool works for a PHA’s overall program. Also, this tool contains a referral tool, that will allow one to determine the needed referrals to reach varying goals.

HUD Specific (Part II)

PHA Conversation

It is at this point that HUD would provide the TYT to the PHA and obtain any projection that the PHA may have done. This will allow for a discussion of a PHA’s plans. To restate, HUD’s TYT should be labelled “for discussion only” or “draft”. The purpose of the discussion is to:

1. Determine if the PHA has a plan and whether it is based on a projection.
2. Determine if assumptions are reasonable and the key factors that went the TYT: funding, RNP, PUC, attrition rate, success rate, etc. are as accurate as possible. Here we are trying to ensure to help them avoid any major errors, as well as better inform our own assumptions.
3. Highlight any leasing opportunities or potential overleasing/overspending possibilities.
4. Discuss the PUC trend and the program decisions affecting PUC. PHA policies impacting PUC inherently contain tradeoffs. The objective is to ensure a PHA is deliberate and informed in making decisions, and knowing the repercussions of those decisions (e.g. payment standard changes).
5. Highlight the impact of decisions on following years and tentatively plan a course of action that stabilizes leasing and spending through the following year.
6. Demonstrate scenario testing so the PHA can see the different funding possibilities in the second and third years and position the PHA accordingly, seeing how much lead time they may need for attrition or issuing.
7. Have the PHA decide a tentative voucher issuance strategy for the current and following year, subject to monthly update.

InfoPath Input

After completing the TYT, and discussing with the PHA, the final step is to load the information – from both the tool and the conversation – into the PHA’s InfoPath checklist. Specific numbers from the TYT can be uploaded to InfoPath via the buttons found on the “IP Input and QA Check” Tab. **First**, assure you have read through the Quality Assurance (QA) Checklist (pictured below). It serves as the *essential* “Have I?” in ensuring a high-quality checklist. Areas of concern will be highlighted in red. **After doing the QA check**, an analyst may use the buttons on the left to upload the numerical data.

Quality Assurance Check			
	Topic	TYT Input	QA Question
P H A :	Success Rate (Cell K5)	70%	Have you obtained the actual PHA success rate, rather than use the default 70%? Please address in the checklist if you use the default success rate rather than obtaining a success rate from the PHA.
	Time from Issuance to HAP Effective Date (Cells K3 -K12)	2.28	Have you obtained the actual time it takes from issuance to HAP effective date, rather than use the default 2.28 months? Please address in InfoPath if you use the default time from issuance to HAP.
	PHA-Reported RNP v. FMC Excess Cash	0.00	If the PHA-Reported RNP is materially more/less than FMC - have you determined why? Please address in the checklist.
	End Of Participation Rate (Cell M5)	0.0%	Have you validated the auto-populated EOP rate with the PHA, i.e. checked in with them to see if the number is reasonable? Does it reflect PIC?
	Per Unit Cost Used in Projection	See "PUC.RB Analysis" Tab	Have you determined that the last actual PUC is reasonable going forward (see "PUC Analysis" Tab)? Did you discuss with the PHA? If needed, have you used the Manual PUC Override (Column M)?
	Utilization Performance: 2020 - Proj. Year End HAP Reserves %	0.0%	If 12/31 HAP Reserves show red (based on PHA size), have you discussed leasing potential or potential shortfall issues with the PHA? Please address in checklist.
	Utilization Performance: 2021 - Proj. Year End HAP Reserves %	0.0%	Ideally, you and the PHA have discussed tentative leasing plans into Year 2. Is this reflected in an issuance scenario?
	Vouchers on the Street	0	Have the most recent month's uncontracted vouchers on the street (in VMS) been entered in Column F - unless you have obtained from the PHA the ongoing number of vouchers actually issued for the last several months?
	Issuance/Leasing Scenario		Has a projected leasing scenario been discussed with the PHA for the current year? For the following year? Is this displayed in the forecast in the form of future months issuances in Column F7? Please discuss.
	<div style="background-color: #4F81BD; color: white; padding: 5px 20px; border-radius: 10px; display: inline-block;">Data Upload</div>		

Additionally, as with the TYT, the Administrative Fees contain a button on the “Administrative Fee Analysis” Tab that allows an analyst to upload the relevant information to the Finance/Admin checklist.

Conclusion

With increased exposure, the Two-Year Tool becomes increasingly easy to use. Its use will help HUD and PHAs, working together, serve more families better. The running of a successful HCV program is built on planning and adjusting; the tool was created to do just this. Please do not hesitate to reach out and ask questions.