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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.

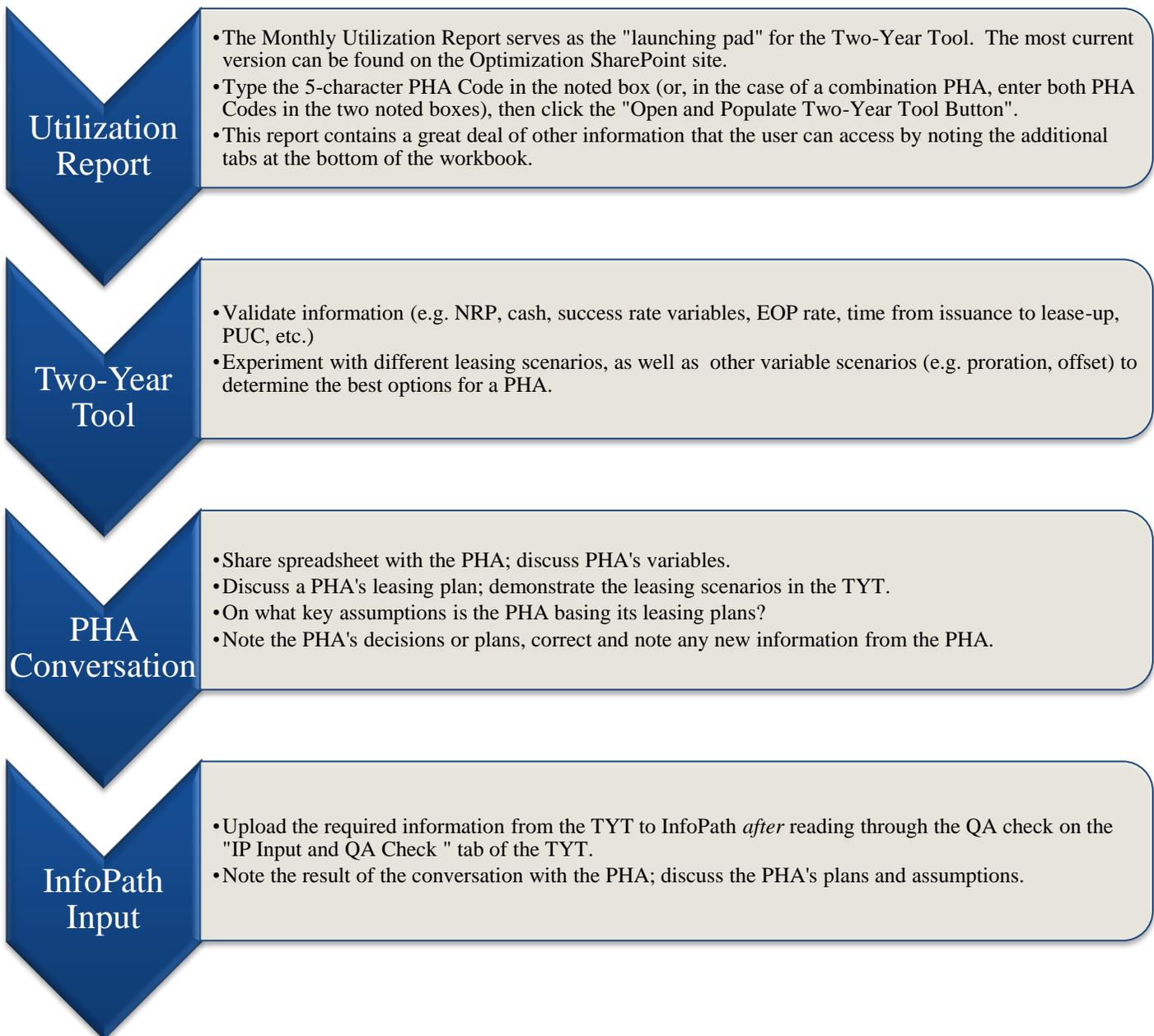
There are two sections specific to HUD and one specific to PHAs; these sections are labelled as such.

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.***



Monthly Utilization Report

The most recent version of the Monthly Utilization Report can be found on the [Optimization Site](#), in the [Current Utilization Report Folder](#). 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.

Two-Year Tool (HAP) Automatic Inputs				Select PHA		Two-Year Tool (Admin) Automatic Inputs				
Funding Availability		Comparative Chart		Enter the 5 Character PHA Code	Open and Populate Two-Year Tool	Cost/UML with Peer Groups		Fiscal Year End		
ABA Eligibility Funded	\$0	Current HAP	\$0	Enter PHA Code		PHA	No PHA	No PHA	FYE	No PHA
Set Aside Funding	\$0	Previous HAP				Earnings/RML & Size Category	No PHA	No PHA	Prior CY Admin Fees	
Beginning Year NRP (VMS)	\$0	Current UML	0	or		State	No PHA	No PHA	2013 Admin Fee Total Earnings	\$0
Beginning Year Cash (VMS)	\$0	Previous UML		Open and Populate Two-Year Tool	Transfer PHA Selection	Expenditures/UNP Data				
New Awards and Other ABA	\$0	Current UMA	0	Receiving PHA:	Divesting PHA:	Data Field	Expenditures		UNP	
Beginning Year Undebursed ABA (HUD-Held NRP)	\$0	Beginning UMAs				Month	2013	2014	2013	2014
Changing 12/31 VMS NRP		Beginning Year ACC	0			January	\$0	\$0	\$0	\$0
Original	Current	Last NRP Entry	Attrition			February	\$0	\$0	\$0	\$0

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 and Populate 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.

*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 to determine the ways in which TYT data is determined.

PHA-Specific

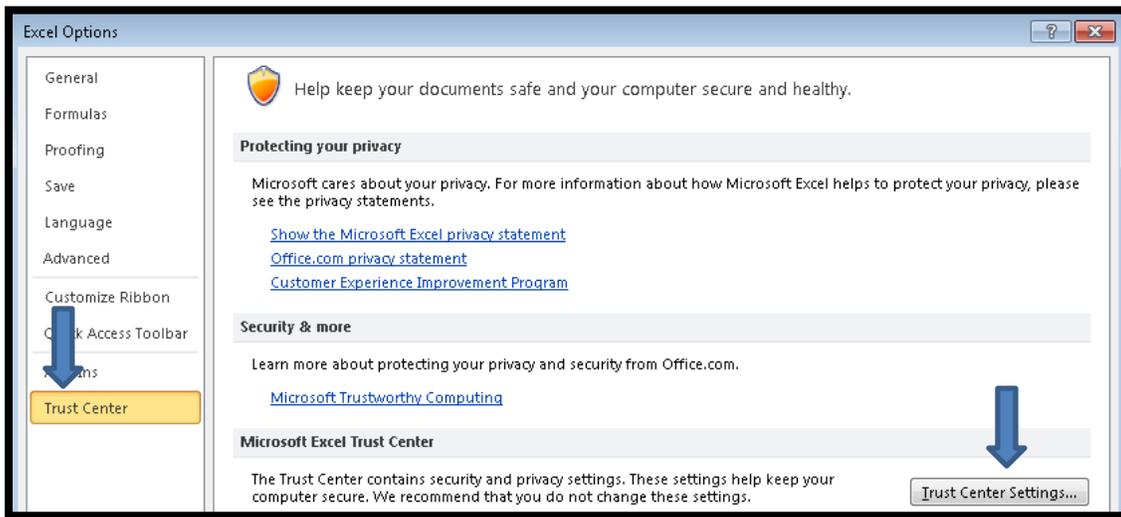
Settings

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.

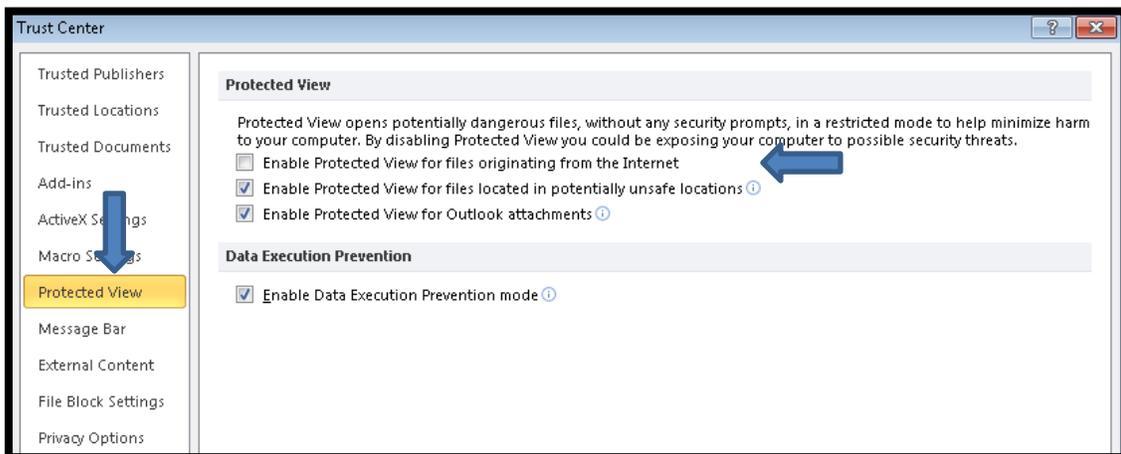
(NOTE: For many PHAs, this will not be required when using a tool sent from a HUD field office. The information below largely pertains to those PHAs downloading the TYT from the external website and inputting information independent of HUD.)

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.

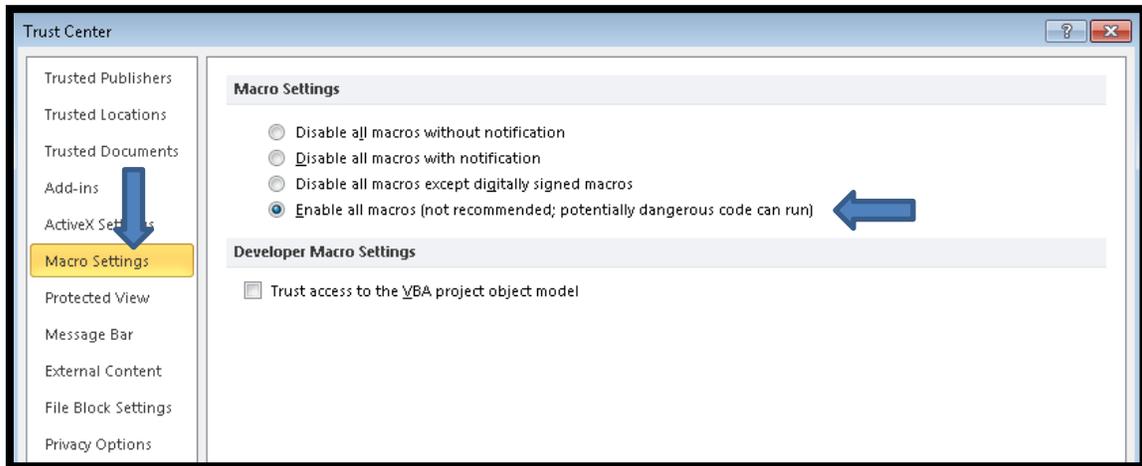
- 1) Open a blank workbook in Microsoft Excel.
- 2) Go to File → Options
- 3) Then Trust Center → Trust Center Settings



- 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”.

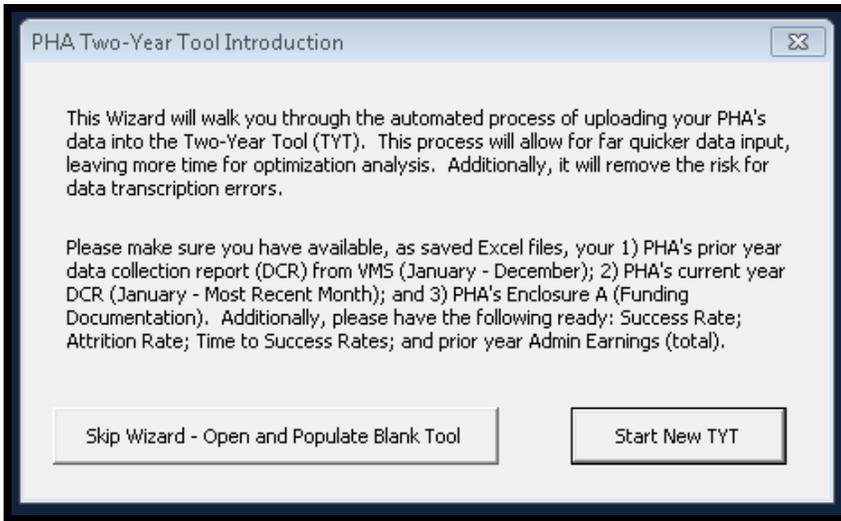


5) In “Macro Settings”, please check “Enable all macros...”.



- 6) Close Microsoft Excel and open the Two-Year Tool (it is recommended you download it from the [Office of Housing Choice Vouchers Website](#) first).
- 7) Again, it is recommended, based your Housing Authority’s IT policy, that after use of the Two-Year Tool, you reapply the two above changed security setting for Microsoft Excel.

Two-Year Tool Wizard



When opening a Two-Year Tool, a PHA will be prompted with the Automation Wizard (a PHA can still just open a blank tool). The Wizard allows for auto-population of the Two-Year Tool with the required data. It includes four steps and requires you to have the following three documents available on your computer:

- 1) the VMS Data Collection Report (DCR) for the prior calendar year; in others words, 1/1-12/31 of the prior calendar year;
- 2) the VMS DCR for the current year, starting in January; in others words, 1/1-current; and
- 3) the Funding Enclosure from HUD.

The fourth part of the Wizard asks for a few additional pieces of information.

Automation Wizard - Step 4 of 4

Please input your best estimates for the following variables (you may adjust in the Tool.)

Attrition Rate What is the annual rate at which participants leave the program? 9	Success Rate What percent of vouchers put on the street are leased up in... % Under 30 days? 18 % 30 - 60 days? 40 % 60 - 90 days? 38 % 90 - 120 days? 4 % 120 - 150 days? 0 TOTAL (Must equal 100%) 100
Success Rate What percent of vouchers put on the street lease up? 70	Prior Year-End UMAs Input the prior year-end monthly UMAs (default is average of prior-year total UMAs). []
Prior Year Admin Fees Earned Input the total Administrative Fees earned in the prior calendar year. \$0	Prorations Estimated Years 2 and 3 HAP Proration 98.00% Estimated Years 1 and 2 Admin Proration 78.00% Estimated Year 2 Offset Percentage 8.00%
Prior Year End Reserves Input the total prior year-end cash-supported reserves (BOTH PHA-Held and HUD-Held - please reference your HHR Reconciliation Letter). []	Finish

After clicking "Finish", the Two-Year Tool will open populated with the PHA's information.

Two-Year Tool Detailed Steps

Two-Year Tool Variable Sections

After clicking the “Open and Populate 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 Forecasting Tool interface, which is divided into several key sections:

- ACC and Funding Information:** A table showing funding levels for 2015, 2016, and 2017, including ACC units, vouchers, and funding amounts.
- Funding Projection Levels:** A table detailing benchmarks for Years 2 & 3, such as the 100.0% benchmark for Year 2 & 3 and the 75.0% benchmark for Year 1 & 2 Admin Fee Projection.
- Program Projection Variables:** A table with variables like Success Rate (70%), Annual Turnover rate (5.0%), and Time from Issuance to RHP Effective Date (2.28).
- Leasing and Spending Outcomes:** A table comparing 2015 and 2016 projections for metrics like UML % of ACC (UMA), RHP Exp % of AB Funds, and RHP Exp % of Eligibility.
- HUD-Held Reconciliation Cash Sufficiency Check:** A table comparing HUD-established CYE HHH (Cash) and HUD-established CYE HHH (RHP) with actual and projected values.
- Administrative Fees Analysis:** A table showing fees for 2015 and 2016, including UML (+/- 600 Units) and Admin Fees Earned.
- Monthly Data Tables:** Detailed tables for 2015 and 2016 showing monthly metrics like ACC Units, Actual Leased Units, Vouchers Issued, Estimated Attrition, Leased Units, RHP Expense, PUC Actual or Projected, and Cumulative Annual %.
- Charts:** Two line charts at the bottom: "Leasing" showing units issued or projected to be issued, and "Spending & Funding" showing monthly lease rates and funding levels.

Numbered callouts (1-5) and lettered callouts (A, B) highlight specific areas of interest within the tool's interface.

#1 – Beginning Year NRP

(Note: For PHA-populated tools, this section will be blank. PHAs are asked for their cash-supported start of year reserves during the Population Wizard process. HUD’s internal version of the tool is described below.)

The tool is populated with the HUD-established CYE HHR (Line 23 of the HUD-Held Reconciliation Enclosure), the HUD-estimated Excess Cash (Line 17), the PHA-Held Cash as 12/31 of the prior year (from VMS), the HUD-Reconciled HHR (Line 24), and the VMS-reported prior calendar year-end (CYE) NRP (Net Restricted Position –formerly Net Restricted Assets).

For purposes of budget authority, the tool uses the cash-supported HUD-Reconciled HHR number (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 Center (FMC), 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 \$11.9 million. The FMC calculated an under disbursement (PHA spent more money than was disbursed) for the prior year of \$754,880. This \$754,880, for prior year expenses, will be paid from the HUD-Held reserves, thus lowering that amount. 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 for prospective expenses.

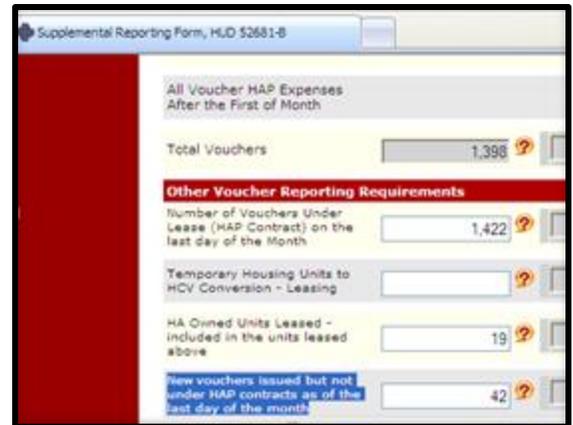
Finally, the bottom box shows a comparison of “Excess Cash” to PHA-Reported prior year NRP. These two numbers (remember, “Excess Cash” is, essentially, the FMC’s calculation of a PHA’s end of year reserves) should be quite close. Please investigate differences by consulting the FMC analyst and PHA.

Cash-Capped Reconciled HUD-Held Reserves	\$11,134,108	\$13,826,574	\$22,163,189
Total Funding Available	\$180,614,044	\$180,832,363	\$180,832,363
Eligibility per ACC unit month	\$994.67	\$977.40	\$928.61

HUD-Held Reconciliation Cash Sufficiency Check (With Line Reference to FMC Letter)			
HUD-established CYE HHR (Line 23)	\$11,888,988		HUD-established CYE HHR (Line 23)
HUD-estimated Excess Cash (Line 17)	(\$754,880)	\$590,533	PHA-Held Cash 12/31/2014 (VMS)
HUD-Reconciled (Line 24)	\$11,134,108	\$12,479,521	HUD-Reconciled (Cash Capped)
Lower of (Cell C14) - Override Available	\$11,134,108		Lower of (Cell C14) - Override Available
HUD-Reconciled Excess Cash v PHA NRP	-\$757,993	<< PHA-Reported 12/31/2014 NRP ----- HUD-Estimated 12/31/2014 Excess Cash>>	(\$754,880)

#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 on line “New vouchers issued but not under HAP contracts as of the last day of the month” which goes in 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.

2014	ACC Units (UMAs) (see new ACC tab)	ACTUAL Leased Units	Actual HAP	Vouchers issued, or projected to be issued	Other Planned additions or reductions to leased units
January	2,384	2,260	\$1,433,462		
February	2,384	0	\$0		
March	2,384	0	\$0		
April	2,384	0	\$0		
May	2,384	0	\$0		
June	2,384	0	\$0		
July	2,384	0	\$0		
August	2,384	0	\$0		
September	2,384	0	\$0		
October	2,384	0	\$0		
November	2,384	0	\$0		
December	2,384	0	\$0		
Total	28,608	2,260	\$1,433,462	0	0
2015					
January	2,384				
February	2,384				
March	2,384				
April	2,384				
May	2,384				
June	2,384				
July	2,384				
August	2,384				
September	2,384				
October	2,384				
November	2,384				
December	2,384				
Total	28,608	0	\$0	0	0

Beneath the figure to the left in the TYT are two graphs that demonstrate leasing and spending based on information input into the TYT. 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 NRP and SPVs.

#3 – Leasing Rate Variables

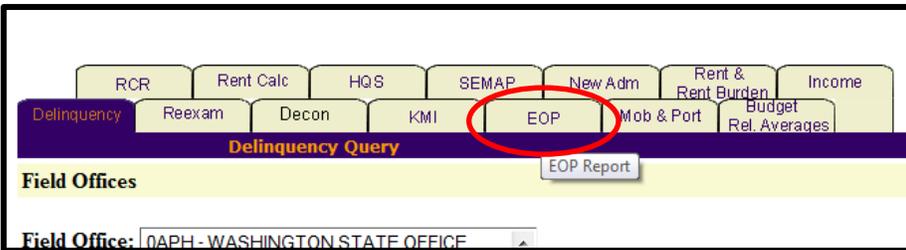
Success Rate

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. For HUD, this is populated from the PIH Information System (PIC) turnover rate in the Monthly Utilization Report (where it is updated periodically, and thus, is not always the *best* data), this information should be double-checked in PIC and confirmed during a conversation with a PHA. For a PHA, you can input this information via the Wizard. For everyone, this can be adjusted as needed. Additionally, the TYT provides a mechanism to load the PIC EOP report into the Tool. Please see “Access Additional Tools”.

Program Projection Variables			
Success Rate	70%	Annual Turnover rate	8.8%
Time from Issuance to HAP Effective Date			
% Leased in 30 days	18%	2.28	Average months from issuance to HAP Effective Date
% leased in 30 to 60 days	40%		
% Leased in 60 to 90 days	38%		
% Leased in 90 to 120 days	4%		
% Leased in 120 to 150 days			



Time from Issuance to HAP Effective Date

The time from issuance to HAP effective date (Cells K8 -K12) is the speed in which vouchers put on the street 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.

#5 – Other Variables

The TYT allows for an analyst to run scenarios using different Years 2 and 3 proration HAP (Cell H5) and Admin Fees percentages (Cell H6), as well as different Years 2 and 3 Offset numbers. 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. For internal tools, these numbers are populated with HUD’s best guess at future year prorations. For PHA-generated tools, these numbers are input by the PHA. In those years when they do occur, offsets occur at various levels, but tend to target those PHAs with excessive reserves; the percentage input indicates the reserves above this percentage that will be “taken” from the PHA (in the form of their subsidy being reduced below what it would otherwise be). In other words the excess HAP Reserves substitute for part of their funding. This offset amount calculation currently includes a protection for end of year leasing. In situations where December UMLs exceed the average UMLs for the year, the difference will be protected.

ACC and Funding Information				Funding Pro-Ration Levels: Yr 2 and 3	
	Current Year	Year 2	Year 3		
Calendar Year	2014	2015	2016	YR 2 & 3 Re-Benchmarking Pro-ration	99.0%
Beginning ACC # Vouchers	13,982	13,982	13,982	Admin Fee Proration	74.0%
Initial BA Funding	\$170,160,932	\$161,561,348	\$156,109,847	Optional HAP Reserve OFFSET YR2 and 3 variable	10.0%
OFFSET of HAP Reserve		\$0	\$0		
Set Aside Funding	\$0			Prorated Funding Eligibility Level (including any Offset)	

While the TYT provides much of the other information shown in yellow 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, determining how to best optimize leasing and spending by keeping the CYE NRA between 3 and 8 percent, with a minimal Year 3 deficit. As we can see below, this PHA has a CYE (Year 1) estimated reserve of 6.5 percent and a CYE (Year 2) estimated reserve of 9.2 percent. You may also notice that the PHA started Year 1 with an estimated 2.4 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		
	2014	2015
UML % of ACC (UMA)	92.5%	89.4%
HAP Exp as % All Funds	93.7%	91.4%
HAP Exp as % of Eligibility only	95.9%	97.6%
Projected 12/31 Total HAP Reserves	\$11,040,652	\$14,915,286
HAP Reserves as % of ABA (Start: 2.4%)	6.5%	9.2%
Potential Terminations	0	0

2014	ACC Units (UMAs) (see new ACC tab)	ACTUAL Leased Units	Actual HAP	Vouchers issued, or projected to be issued	Other Planned additons or reductions to leased units	New Leasing from Issued Vouchers	Estimated Attrition	Leased units: Actual and Projected	HAP Expense: Actual and Projected	PUC Actual or Projected	Manual PUC Override
January	13,982	13,140	\$13,814,409			0	-37.5	13,140	\$13,814,409	\$1,051	
February	13,982	0	\$0	45		0	-37.5	13,102	\$13,774,950	\$1,051	
March	13,982	0	\$0	45		6	-37.4	13,071	\$13,741,566	\$1,051	
April	13,982	0	\$0	45		18	-37.3	13,052	\$13,678,128	\$1,048	\$1,048
May	13,982	0	\$0	45		30	-37.3	13,045	\$13,670,750	\$1,048	
June	13,982	0	\$0	45		32	-37.3	13,039	\$13,664,714	\$1,048	
July	13,982	0	\$0	45		32	-37.2	13,033	\$13,658,695	\$1,048	
August	13,982	0	\$0	45		32	-37.2	13,027	\$13,652,693	\$1,048	
September	13,982	0	\$0	45		32	-37.2	13,022	\$13,646,708	\$1,048	
October	13,982	0	\$0	45		32	-37.2	13,016	\$13,640,741	\$1,048	
November	13,982	0	\$0	45		32	-37.2	13,010	\$13,621,780	\$1,047	\$1,047
December	13,982	0	\$0	45		32	-37.2	13,005	\$13,615,852	\$1,047	
Total	167,784	13,140	\$13,814,409	495	0	275	-447.6	156,561	\$164,180,985		
2015											
January	13,982			25		32	-37.1	12,999	\$13,609,941	\$1,047	
February	13,982			25		29	-37.1	12,991	\$13,601,409	\$1,047	
March	13,982			25		23	-37.1	12,977	\$13,587,038	\$1,047	
April	13,982			25		18	-37.1	12,958	\$13,567,137	\$1,047	
May	13,982			25		18	-37.0	12,939	\$13,546,708	\$1,047	
June	13,982			25		18	-37.0	12,919	\$13,526,336	\$1,047	
July	13,982			25		18	-36.9	12,900	\$13,506,023	\$1,047	
August	13,982			25		18	-36.8	12,880	\$13,485,768	\$1,047	
September	13,982			25		18	-36.8	12,861	\$13,465,570	\$1,047	
October	13,982			25		18	-36.7	12,842	\$13,445,431	\$1,047	
November	13,982			25		18	-36.7	12,823	\$13,425,349	\$1,047	
December	13,982			25		18	-36.6	12,804	\$13,405,324	\$1,047	
Total	167,784	0	\$0	300	0	242	-443.0	154,692	\$162,172,033		

This results in the following CYE projections:

The issuances entered above (45 per month) resulted in a Year One (2014) HAP Reserve of 5.9%, compared to 6.5% before the issuances were entered, and for Year 2 (2015) with 25 issued per month, a year end HAP Reserve of 6.4% results, instead of the 9.2% projected before issuances were entered.

Leasing and Spending Outcomes: Current and Following Year Projections		
	2014	2015
UML % of ACC (UMA)	93.3%	92.3%
HAP Exp as % All Funds	94.2%	94.0%
HAP Exp as % of Eligibility only	96.5%	99.8%
Projected 12/31 Total HAP Reserves	\$10,052,948	\$10,420,091
HAP Reserves as % of ABA (Start: 2.4%)	5.9%	6.4%
Potential Terminations	0	0

As for Year 3, the Tool shows that while we do run a deficit of estimated budget authority (BA) against HAP, there are sufficient reserves to cover this funding shortfall for 399 months.

Beginning Year Three: Monthly ABA minus HAP Exp	(\$26,131)	399	# Months NRA will cover Yr 3 Monthly deficit
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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	2014	2015
UML % of ACC (UMA)	0.0%	0.0%
HAP Exp as % All Funds	0.0%	0.0%
HAP Exp as % of Elig.	0.0%	0.0%
Proj. 12/31 Total Reserves	\$0	\$0
HAP Reserves - % ABA	0.0%	0.0%

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 9 percent reserves 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 and the extended analysis on the "Administrative Fee Analysis" Tab).

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 \$43.88 on administration per UML based on its submitted VMS information, and this compares to its peer group with similar revenue and size of \$43.80 – almost identical. PHAs in the same State regardless of revenue per unit or size spent a little more per UML - \$46.86.

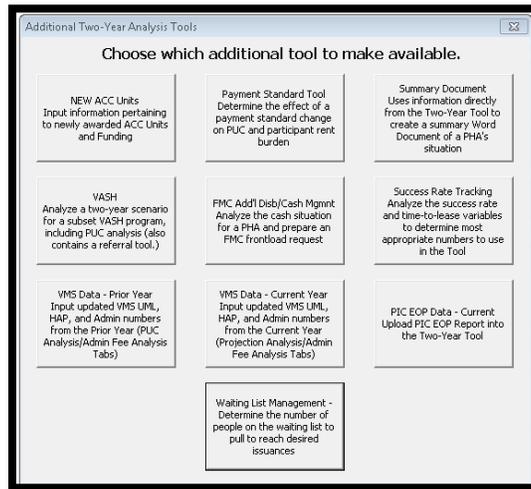
Administrative Fees Analysis		2014		2015
<= 7,200 UMLs (<= 600 Units) - no proration	> 7,200 UMLs (> 600 units) - no proration	Admin Fees Earned	\$2,221,617	\$2,066,376
\$59.44	\$55.48	Expense	\$2,420,160	\$2,420,160
		Expense %	108.9%	117.1%
<p>██████ has a cost per UML of \$43.88 compared to its Earnings/UML & Size peer group of \$43.80 (a difference of 0.2%) and its state peer group of \$46.86 (a difference of -6.8%).</p>		<p>Based on the most recent, official (end of fiscal year) UNA, ██████ has a projected 2014 Calendar Year-End (CYE) UNA of \$3,201,101 (or 144.1% of CY 2014 Earned Admin Fees) and a 2015 CYE UNA of \$2,847,316 (or 137.8% of CY 2015 Earned Admin Fees).</p>		

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 discussion with a PHA. (NOTE: This analysis only takes into account a PHA's reported admin 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 tenant-protection vouchers and the associated dollars, will load over into the TYT, so the proper UMAs and BA are included in the analysis.

Summary Document: This tool will load the information, based on the analysis, into a one-page document that can be easily printed and presented as an executive level summary of the tool prepared.

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.

FMC Frontload/Cash Mgmt: A tool to help a PHA track its cash status for monthly payments; this tool is what the Financial Management Center (FMC) uses for frontload requests.

Success Rate Tracking: Allows for analysis to determine a PHA’s actual success rate and time-to-success variables by tracking certain cohorts of issuances (*must* have all information for the issuance cohort). The tool contains a button to move analysis into actual projection.

VMS Data – Prior Year: Loads prior year data into the PUC Analysis and Administrative Fee Analysis Tab (updates your information from VMS). Also, this tool will load a copy of the VMS DCR into the TYT as a separate tab.

VMS Data – Current Year: Loads current year data (e.g. Total Vouchers, HAP Total) in the TYT’s Projection Analysis, PUC Analysis, and Administrative Fee Analysis Tabs. Like with *VMS Data – Prior Year*, this tool will load a copy of the updated VMS DCR into the TYT as a separate tab.

PIC EOP Data: Loads PIC EOP report information onto Projection Analysis Tab (only as a reference) and loads a copy of the report into the TYT as a separate tab.

Waiting List Management: Analyzes (after inputting waiting list draw to issuance rate) the number of people from the waiting list needed to meet projection 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, NRP, 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 waivers).
5. Highlight the impact of decisions on Year Two 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 year 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. **Before doing this**, please 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.

InfoPath Data Input		Quality Assurance Check		
		Topic	Two-Year Tool Input	QA Question
General Leasing Section		Success Rate (Cell K5)	70%	Have you obtained the actual PHA success rate, rather than use the default 70%? Please address in InfoPath if you use the default success rate rather than obtaining a success rate from the PHA.
Field Office - Shortfall		Time from Issuance to HAP Effective Date (Cells K8 -K12)	2.28	Have you obtained the actual time it takes from issuance to HAP eff date, rather than use the default 2.28 months? Please address in InfoPath if you use the default success rate rather than obtaining a success rate from the PHA.
SPT - Shortfall		PHA-Reported NRA v. Cash and Investments (Cash as % of NRA reported in VMS)	522.9%	If the cash and investments is less than 85%, have you determined why? Please address in InfoPath.
		End Of Participation Rate (Cell M5)	7.3%	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 graph below	Have you determined that the last actual PUC is reasonable for the remainder of the year (see PUC Trend Tab) and your discussions with the PHA? If unreasonable, have you used the Manual PUC Override to better estimate future PUC (Column M)?
		Utilization Performance: 2014 - Projected Year End HAP Reserves %	7.3%	If 12/31 HAP Reserves are above 8% or below 0.5%, have you discussed leasing potential or potential shortfall issues with the PHA? Please address in the InfoPath.
		Utilization Performance: 2015 - Projected Year End HAP Reserves %	13.9%	Ideally, you and the PHA have discussed tentative leasing plans into 2014. 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? Ideally, for the following year too? Is this displayed in the forecast in the form of future months issuances in Column F? Please address in InfoPath.

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.

Cost Per UML - Peer Groups Comparison			
Category	\$/UML	% +/-	
AL001	\$43.88	-	
Peer			
Earnings/UML & Size	\$43.80	0.18%	
State	\$46.86	-6.79%	
Ports			
Category	Current Month	Annualized	Net Earnings Adjust
Port-Ins	19	228	\$7,833
Port-Outs		0	\$0
Total			\$7,833

InfoPath Data Input
Finance: Administrative

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.