



Friends in the Industry,

The 9% tiebreaker, while well intentioned and initially successful, no longer works. It has become outdated, become convoluted, and fails to leverage our scarce 9% credits. The primary reason is that it's driven by public funding per unit. To get a high tiebreaker applicants propose smaller projects so their scarce public funds are a large percentage of the budget. Unfortunately, smaller projects serve less households, suffer from dis-economies of scale, and waste government resources.

The good news is, the tiebreaker is not set in stone and TCAC is open to feedback on redesigning it. If the tiebreaker's job is to leverage credits it could do so more directly by making **units** and **credits** the cornerstone of the calculation. By scoring projects on the amount of units they produce per the credits they request, the program will incentivize the development team to increase units proposed and decrease credits requested. It will spur creativity, resulting in more homes for our neighbors in need.

But wouldn't a production-oriented tiebreaker disadvantage certain project types that inherently require more resources (e.g. family projects or infill projects)? Yes it would; and so the calculation will need to include adjustments that level the playing field. However, after we build a tiebreaker based on units and credits and level the playing field, the resulting tiebreaker will reward the development team for making wise decisions that **house more Californians**. Such a tiebreaker would align the interests of policy makers and industry practitioners, resulting in more low-income households being served.

William Leach, Housing Advocate

