



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ◆ Karyn E. Polito, Lieutenant Governor ◆ Jennifer D. Maddox, Undersecretary

To: All Owners and Managers of Private Affordable Housing Projects Whose Rents are Subject to DHCD Direct Approval
From: Jennifer Maddox, Undersecretary
Subject: Updated Notice on Rent Increases
Date: November 29, 2021

DHCD is providing this guidance to owners and managers of private affordable housing projects whose maximum rents are subject to DHCD's direct approval. This guidance addresses rent increases in light of the income and rent limits announced by the United States Department of Housing and Urban Development (HUD) on April 1, 2021 and supersedes and replaces the guidance titled "Rent Increases During COVID-19 Emergency," dated April 16, 2020, and the guidance titled "Rent Increases During COVID-19 Emergency," dated April 3, 2020. This guidance will remain in effect until June 30, 2022 unless it is rescinded or revised earlier by DHCD in writing, and applies to multifamily rental properties that contain affordable units for which rent increases must be directly approved by DHCD.

The state of emergency declared by the Governor on March 30, 2020, was lifted on June 15, 2021. We recognize that these are challenging times for the affordable housing community. The COVID-19 state of emergency continues to severely impact many residents of assisted housing with layoffs, reduced hours, job loss and other economic dislocation. While public and private relief efforts are underway, it may take time for payments to reach needy households. Other residents have fallen ill, are caring for ill relatives, or are unable to work due to closure of child care and schools. In these uncertain times, it is essential that private affordable housing owners refrain from taking actions that would undermine the housing stability of their residents, both to support their residents and to remain in good standing with DHCD.

1. Limitations on Rent Increases of Occupied Units

DHCD will permit owners of properties subject to its direct approval to increase maximum rents of occupied units to an **amount ("Limited Increase Rent") that is the lower of:**

- The applicable property-specific maximum rent limit(s) (e.g., 30% of the applicable area median income) ("Property-Specific Maximum Rent"); or
- An amount that is no higher than five percent (5%) above the applicable maximum rent last approved by DHCD.

Before implementing any rent increase, all owners must (1) receive prior approval of the rent increase by DHCD (and all other applicable monitoring agents and municipalities); and (2) give

all affected tenants at least sixty (60) day prior notice of the new rent amount. Rent increases must also be subject to the provisions of outstanding leases.

Owners may submit requests for rent increases to DHCD no earlier than fifteen (15) days after the date of this guidance, to be implemented in the time and manner outlined in this guidance.

A request for a rent increase submitted to DHCD *must include the following information*:

- The rent amounts last approved by DHCD;
- The proposed rent increases and supporting calculations; and
- If an owner is seeking approval of Property-Specific Maximum Rents for **vacant** units under Section 2 below, a statement confirming whether an owner is requesting standard rent increases under the applicable 2021 Property-Specific Maximum Rent(s) for vacant units and a signed owner agreement attesting to the terms outlined in Section 2, below (DHCD will provide a template owner agreement in conjunction with this guidance).

On a case-by-case basis, DHCD will consider exceptions to the above limitations on rent increases for occupied units if (1) an owner can demonstrate with sufficient documentation that its property is experiencing, or will experience, severe financial difficulty without the requested rent increase; and (2) the requested rent increase is reasonable and will not create an undue hardship for affected tenants. Any owner seeking such an exception must provide a written explanation of the severe financial difficulty together with relevant financial information for consideration by DHCD.

DHCD will review rent increase requests and issue a determination no later than thirty (30) days after receipt of a complete rent increase request.

2. Rent Increases on Vacant Units

In general, DHCD expects owners of properties to apply the applicable Limited Increase Rent approved by DHCD to vacant units. However, DHCD will approve applicable Property-Specific Maximum Rent limits on vacant units if the owner executes an agreement (on a form to be provided by DHCD), in which the owner agrees to the following terms:

- To continue to limit rent increases for current tenants of affordable units upon lease renewal to the applicable Limited Increase Rent approved by DHCD; and
- To cooperate with current tenants of affordable units in seeking emergency rental assistance to cure rental arrearages, where they are at risk of lease termination and/or eviction due to those arrearages; and
- To refrain from pressuring current tenants in any way to vacate their units (unless the tenant is subject to lease termination and/or eviction due to a substantial violation of a material lease provision that cannot be cured through emergency rental assistance); and
- To apply the Property-Specific Maximum Rent only on vacant units that have been either:
 - Voluntarily vacated by the prior tenant; or

- Vacated by a tenant that was subject to lease termination and/or eviction due to a substantial violation of a material lease provision that could not be cured through emergency rental assistance.

3. Projects Not Subject to DHCD's Direct Approval

Where rent increases are not subject to DHCD's direct approval but must be approved by a municipality or a private monitoring agent, DHCD strongly urges rent increase limitations using the same parameters identified in Sections 1 and 2.

4. Projects with Mobile Rental Vouchers or Project-based Rental Assistance

DHCD notes that this guidance does not apply to rents in units occupied by tenants with mobile rental vouchers. Please see DHCD's Division of Rental Assistance guidance titled "[End of COVID-19 State of Emergency Guidance for All State Rental Assistance Programs \(MRVP, AHVP, DMHRSP\)](#)," dated July 14, 2021. Owners remain subject to payment standards and rent reasonableness requirements under the applicable rental assistance programs, whether Federal or state.

5. Acknowledgements

We want to acknowledge the stewardship of affordable housing owners during this exceptionally difficult time, especially for refraining from implementing rent increases since the beginning of the COVID-19 state of emergency. The Baker-Polito Administration commends all of these owners for this action, which is so critical to our efforts to preserve the housing stability of renters in state-supported housing during these challenging times.

6. Contact Information

For any Housing Development division inquiries, please contact 617-573-1309.