



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

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Jennifer D. Maddox, Undersecretary

To: All Owners and Managers of Local Initiative Program Projects That Do Not Receive State Financial Assistance (LIP/LAU)

From: Jennifer Maddox, Undersecretary

Subject: 2022 Notice on Rent Increases for LIP/LAU Projects

Date: August 22, 2022

In light of the income and rent limits announced by the United States Department of Housing and Urban Development on April 19, 2022, DHCD is providing this guidance to owners and managers of Local Initiative Program (LIP/LAU) projects that do not receive direct financial assistance and whose maximum rents are subject to DHCD’s direct approval. This guidance supersedes and replaces the guidance titled “Updated Notice on Rent Increases,” dated November 29, 2021 as it applies to LIP/LAU projects and will remain in effect until June 30, 2023 unless it is rescinded or revised earlier by DHCD in writing. DHCD will be issuing separate guidance that will apply to private multifamily rental projects with state financial assistance.

DHCD commends owners and managers who have followed DHCD’s prior rent increase policies and who have cooperated in the collective efforts to preserve housing stability of tenants, especially as the Commonwealth of Massachusetts continues to recover from the impacts of the COVID-19 pandemic. With large increases in area median income in certain areas of the state, DHCD asks owners and managers to consider the impact of significant rent increases on affordable unit tenants in those areas.

1. Rent Increases of Affordable Units in LIP/LAU Projects

As of the date of this guidance, DHCD will approve a LIP/LAU project’s applicable property-specific maximum rent limits in the ordinary course of business. Depending on the terms of the LIP/LAU project’s regulatory agreement, additional limits may apply based on municipal approval rights. While DHCD will approve applicable *maximum* rent limits, owners and managers of LIP/LAU projects have the discretion to seek approval of and apply rents that are lower than the maximum allowable rents. DHCD urges owners and managers (for whom it is financially feasible) to seek approval of lower rents and/or to apply rent increases that are lower than the maximum rents approved by DHCD.

DHCD also urges owners and managers to consider each tenant’s financial circumstances in applying rent increases in order to make sure that the increase is not overly burdensome on the tenant (e.g., capping rent at 30% of the tenant’s actual monthly income or increasing rent by no more than 5%). DHCD also urges owners and managers to provide tenants of affordable units with at least 4 months prior notice of the rent increase, so that tenants may plan accordingly. Lastly, DHCD reminds owners and managers that rent increases must be implemented in accordance with the tenant’s existing lease terms and the LIP/LAU project’s applicable regulatory agreement.

2. Resources For Tenants

DHCD asks that owners and managers of LIP/LAU projects inform tenants with past due rent of the RAFT Program, which provides emergency rental assistance for tenants facing eviction, and to proactively work with tenants who seek emergency rental assistance in order to preserve their tenancies. More information on the RAFT program is available at: <https://www.mass.gov/service-details/residential-assistance-for-families-in-transition-raft-program>.

Landlords also should consider participating in free, pre-court mediation offered by the Massachusetts Community Mediation Centers when a structured, interactive process could help preserve a tenancy. More information about free mediation programs is available at: <https://www.resolutionma.org/housing>.

Additionally, DHCD strongly urges owners and managers to inform tenants facing eviction for past due rent of the Tenancy Preservation Program, which is available to tenants with disabilities who are facing eviction as a result of behaviors related to a disability such as mental illness, developmental disabilities, substance abuse, or aging-related impairments. More information on this program is available at: <https://www.mass.gov/info-details/tenancy-preservation-program>.

3. Future Considerations

DHCD places great importance on a development team's record in affordable housing development and management, including in the evaluation of new funding requests under the Qualified Allocation Plan and ownership transfer requests and, for those purposes, will consider an owner and manager's record with rent increase practices during the period this guidance is in effect.