To: All Owners and Managers of G.L. c. 40B Comprehensive Permit and Local Initiative Program Projects That Do Not Receive State Financial Assistance (LIP/LAU and NEF) and G.L. c. 40R Smart Growth/Starter Home Projects

From: Jennifer Maddox, Undersecretary

Subject: Rent Increases During COVID-19 Emergency

Date: April 16, 2020

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

DHCD is providing this guidance to owners and managers of (a) G.L. c. 40B Comprehensive Permit (40B) projects that do ***not***receive direct state financial assistance, including LIP/LAU and NEF projects, and (b) G.L. c. 40R Smart Growth or Starter Home Projects that do ***not*** receive direct state financial assistance. This guidance addresses rent increases in light of the new income and rent limits announced by the United States Department of Housing and Urban Development (HUD) on April 1, 2020.

It applies to projects that have been approved by DHCD in the Local Initiative Program as a comprehensive permit project or as Local Action Unit project (LIP/LAU), for which DHCD provides subsidy in the form of technical assistance but does not provide direct state financial assistance. It also applies to projects participating in the New England Fund program of the Federal Home Loan Bank of Boston, administered by the Massachusetts Housing Finance Agency (MassHousing), in which all participating banks are members of federally-chartered regional banks of the Federal Home Loan Bank system, but there is no direct state funding involved. Finally, it applies to residential projects developed under the overlay zoning of a 40R Smart Growth Zoning District or 40R Starter Home District.

Please note that projects that ***do*** receive direct state financial assistance are subject to the guidance previously posted by DHCD on April 6, 2020, <https://www.mass.gov/doc/dhcd-guidance-on-rents-in-privately-owned-affordable-housing/download>.

We recognize that these are challenging times for the affordable housing community. The COVID-19 state of emergency has severely impacted many residents of assisted housing who are facing 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.

Accordingly, for 120 days from the date of this notice or the duration of the state of emergency, whichever is longer, DHCD expects all owners of 40B LIP/LAU and NEF multifamily rental properties, as well as owners of residential properties developed under the overlay zoning requirements of a 40R Smart Growth Zoning District or Starter Home Zoning District, to refrain from implementing any rent increases that might otherwise be permitted based on the revised income and rent figures published by HUD on April 1, 2020. During this period, given these unprecedented circumstances, DHCD does not anticipate approving any rent increases for properties subject to its direct approval, either for properties that are already partially or fully occupied, or for those that are still in the marketing or pre-marketing stages. Where rent increases are not subject to DHCD’s direct approval but must be approved by a municipality or a private monitoring agent, DHCD urges that such approvals be withheld for the same period.

DHCD notes that this guidance does not apply to rents in units occupied by tenants with mobile rental vouchers. Owners remain subject to payment standards and rent reasonableness requirements under the applicable rental assistance programs, whether Federal or state.

Please see DHCD responses to frequently asked questions for guidance on multifamily properties with project-based rental assistance.

We want to acknowledge that some of the large 40B LIP/LAU affordable housing owners with significant portfolios have already contacted us to say that they will voluntarily refrain from implementing the rent increases allowed under the revised HUD figures. 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. We also hope that owners of multifamily rental projects that do not receive either the benefit of c. 40B or c. 40R zoning or direct Commonwealth financial or technical support will follow the lead of the affordable housing ownership community in refraining from imposing rent increases at this time.