

Municipal Challenges

During municipal focus group sessions, partnering municipalities shared the following challenges they face in LAU administration.

Ad Hoc and Fragmented Administrative Processes

Many municipalities lack formalized systems for administering Local Action Units (LAUs), resulting in ad hoc and fragmented workflows. Rent increase requests are frequently submitted and negotiated via email with no standardized forms, submission schedules, or internal routing protocols. The roles of various entities, such as housing trusts and planning boards, are often unclear, leading to confusion and inefficiencies in the approval process. Without formal internal processes, even well-intentioned efforts can result in inconsistent implementation, missed documentation, or delays that frustrate both developers and tenants.

In focus groups conducted as part of this project, municipal staff described LAU administration as highly reactive:

- Rent increase proposals can arrive **unpredictably** throughout the year, leaving municipalities scrambling to review terms.
- There are few established timelines or procedures for reviewing and responding to requests.
- Key responsibilities, such as reviewing Affirmative Fair Housing Marketing Plans (AFHMPs) or overseeing monitoring agreements, are sometimes unclear across departments or between staff and boards.

Communities like Medford have begun addressing these issues by introducing structured tools such as Smartsheet forms (linked in resources section of this resource guide) for tracking and approvals, while others collaborate with Shared Housing Services Offices (SHSOs) for standardized support.

Limited Leverage on Rent Increase Approvals

One of the most persistent challenges municipalities face in administering Local Action Units (LAUs) is their limited ability to influence or regulate rent increases. While many regulatory agreements require developers or property managers to notify the municipality of proposed rent increases, few require formal approval, which leaves local officials with minimal authority to negotiate or deny increases that may burden tenants.

In focus groups and interviews, staff reported feeling that their role is largely reactive. Some municipalities receive rent increase requests that exceed 29 percent in a single year, often following multi-year gaps where no adjustments were made. Without annual caps or structured review windows, this “catch-up” approach results in sudden rent hikes that threaten affordability and tenant stability.

This challenge is compounded by:

- Regulatory agreements that defer to maximum rents based on HUD’s 80 percent Area Median Income (AMI), even when local household incomes are much lower.
- Lack of clear criteria or legal tools for municipalities to push back on rent increases deemed excessive or misaligned with local conditions.
- Absence of enforceable rent escalation formulas, such as tying increases to the Consumer Price Index (CPI) or local wage growth.

Only a few municipalities reported success in negotiating lower-than-maximum increases, and often only in cases where they had longstanding relationships with developers or additional leverage through funding or zoning approvals.

Limited Capacity at Municipal Level

A major barrier to effective Local Action Unit (LAU) administration is the lack of dedicated staff with affordable housing expertise at the local level. This makes it especially difficult to proactively oversee affordability requirements, monitoring responsibilities, and tenant support.

SHSOs offer a particularly effective model for expanding local capacity. These regional offices provide municipalities with access to specialized staff, centralized systems for monitoring and compliance, and consistent oversight across multiple communities. By pooling resources and sharing expertise, SHSOs allow even small municipalities to maintain robust, professional administration of affordable housing programs.