Recommendations

Recommendations below build upon insights gathered from municipal staff, state agencies, and housing professionals who engaged in this effort. As LAU program sees increased utilization there is greater need for stronger support for municipal staff. While some reforms require state-level action, many can be led or piloted by municipalities and regional partners.

1. Establish Transparent, Enforceable Rent Increase Standards

Rather than relying on informal negotiation between municipalities and individual developers, which has led to inconsistent and inequitable outcomes, the state should establish clear, standardized rent adjustment policies for all Local Action Units (LAUs). Negotiated approaches often lack transparency, place undue burden on municipal staff, and create frustration among property owners who feel they are treated differently from their peers. A uniform rent regulation framework would:

- Apply consistent, enforceable rent increase cap formulas (e.g., based on CPI, wage growth, or a fixed percentage).
- Eliminate case-by-case negotiations that can lead to disparities between developments.
- Increase predictability for tenants, municipalities, and developers alike.
- Reduce the administrative burden on municipal staff who are often not equipped to evaluate the financials behind rent increase requests.

Establish Negotiating Power for Municipalities

Municipalities should have clear guidelines on when and how they can deny or negotiate rent increases in Local Action Units (LAUs) to ensure long-term affordability. This includes defining specific conditions under which rent increases may be rejected or adjusted, such as when local median income growth does not keep pace with regional wage growth or exceed a set percentage cap. Strengthening the working relationship between developers and local governments is crucial. Municipalities should be empowered to engage in proactive discussions with developers to balance developer financial feasibility with tenant stability. Formalizing these negotiation processes, supported by documentation along with opportunities for dialogues with developers and guidance as well as support from the state and regional housing agencies can help create more predictable and equitable outcomes on this front.

Ideally, a statewide standard should be established to ensure consistency across jurisdictions for creation of new LAUs. Implementation pathway could include a model regulatory agreement issued by EOHLC that includes standardized rent increase provisions. It will likely require a change to the 40B Guidelines (Section II) before implementation. Municipalities along with EOHLC could conduct a legal review to determine how existing agreements can be amended to include rent caps. Key components of a strong rent-increase-cap language

- A Maximum Annual Rent Increase Cap: A clearly defined percentage limit on annual rent increases, such as 5% or the lesser of CPI (Consumer Price Index) or AMI growth.
- Tied to Local Economic Indicators: Rent increase caps should consider wage growth and cost-of-living changes, ensuring that rent remains in line with what households can reasonably afford.
- Enforcement Mechanisms: Explicit language on how and when municipalities can deny rent increase requests if they exceed the cap.

- Transparency Requirements: Mandate clear communication to tenants and municipalities about planned rent adjustments to prevent unexpected spikes.

Update regulatory agreement language to explicitly include rent increase caps that limit annual rent increases for future local action units. The language used in regulatory agreements drives how the rent increase process will work, and how high rents can be set. In a traditional regulatory agreement, the developer is entitled to an annual rent increase of no more than 30% of 80% of AMI. The State of Massachusetts, and EOHLC, should update their regulatory agreement template to give municipalities the opportunity to negotiate a lower AMI, lower rent increase limits, and higher allowed tenant income limits with developers.

2. Consider Managing Vacant and Occupied Units Separately to Balance Affordability and Flexibility

Managing affordability regulations differently for vacant and occupied units can create more flexibility while maintaining tenant protections. Differentiating between occupied and unoccupied units can allow for reasonable rent increases upon turnover while protecting current tenants from sudden financial strain. When a unit becomes vacant, developers have an opportunity to reset rents within affordability guidelines without negatively impacting existing tenants. Potential strategies include:

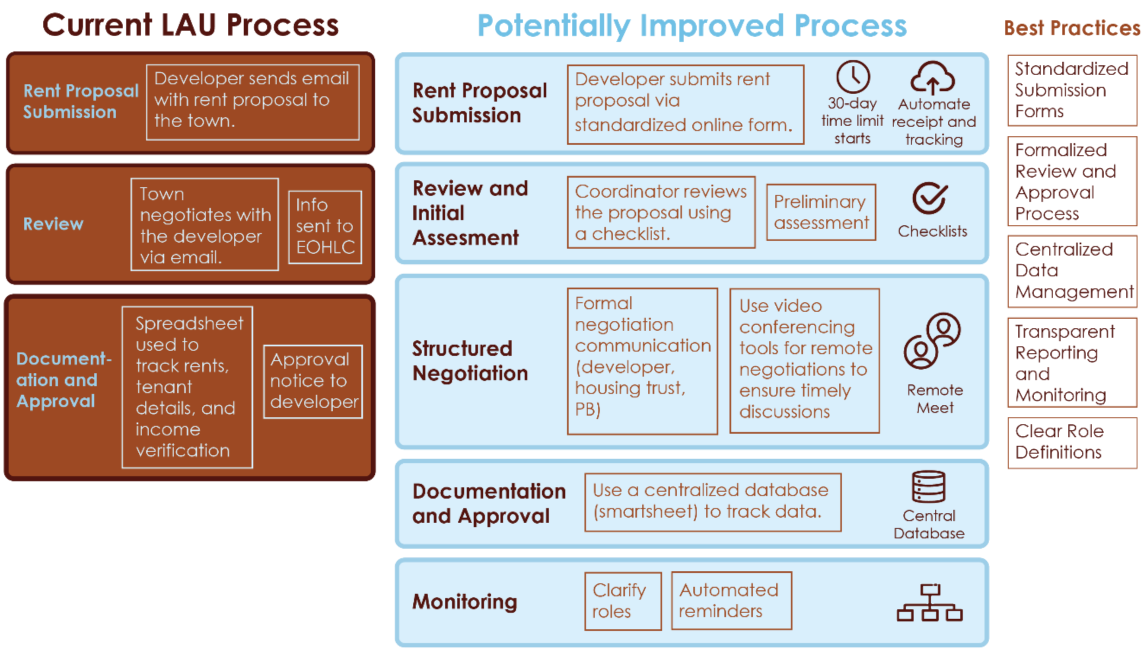
- Allowing maximum allowable rent increases in vacant units, while ensuring the occupied units see lower rent increases.
- Gradual rent adjustments for occupied units to prevent displacement when affordability terms change.

However, care must be taken to avoid incentivizing “soft evictions,” where tenants are pressured to leave without formal eviction in order to re-rent the unit at a higher rate. Additional thought and research are needed to design safeguards that uphold flexibility without undermining tenant protections.

3. Streamline Monitoring and Rent Approval Process at Municipal Level

The current process for administering Local Action Units (LAUs) is often fragmented and reactive, with municipalities relying on informal communications, email chains, and manual spreadsheets. To improve efficiency and reduce administrative burden, municipalities and the state should implement a more structured and consistent approach to LAU administration. Key strategies include (illustrated in graphic):

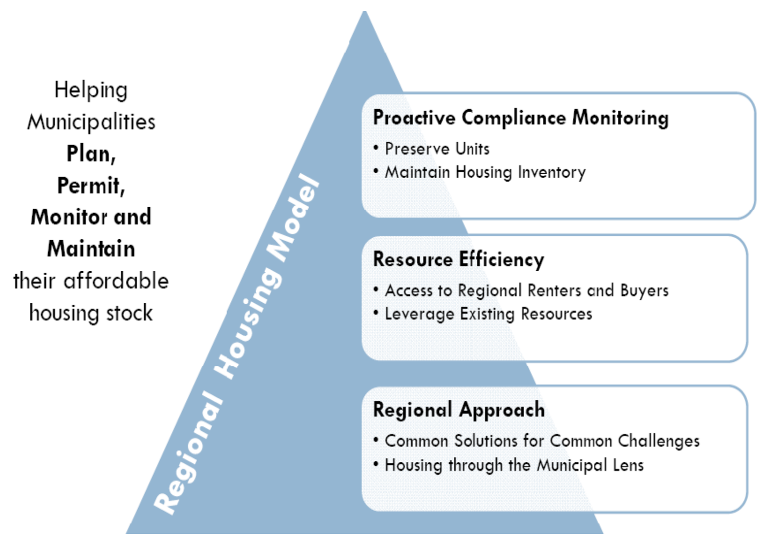
- Standardized forms to ensure consistency in developer applications and rent increase requests.
- Formalized review and approval processes that include clear checklists, timelines, and routing protocols to guide staff through each stage of LAU administration.
- Centralized data management systems that reduce reliance on manual tracking and make it easier to monitor affordability compliance over time.
- Clearly defined roles and responsibilities for each party involved to reduce confusion and promote accountability.



4. Expand Municipal Capacity

Create Shared Housing Services Offices

Regional Benefits of Shared Housing Services Offices (SHSOs)



Municipalities should collaborate to establish Shared Housing Services Offices (SHSOs) that provide centralized support for affordable housing administration. A SHSO is a regional, multi-jurisdictional entity that supports member communities by efficiently managing and overseeing affordable housing. By supplementing local staff capacity, an SHSO offers specialized expertise and dedicated personnel to ensure ongoing monitoring and administration of affordable housing programs. Additionally, this regional collaboration fosters a platform for municipalities to exchange ideas, strategies, and best practices on shared challenges and initiatives. In the case of LAUs, by pooling resources at the regional level, municipalities can improve efficiency in monitoring compliance, processing rent adjustments, and assisting tenants. SHSOs can also serve as a hub for technical assistance, data management, and policy implementation, reducing the administrative burden on individual municipalities while ensuring consistent oversight and enforcement of affordability requirements.

Best Practice: Regional Housing Coordinator Program (RHC) run by CMRPC

The Regional Housing Coordinator is a staff member housed within Central Massachusetts Regional Planning Commission (CMRPC) that is available to assist municipal staff as well as Affordable Housing Trusts and Community Preservation Committees.

Housed within CMRPC's Regional Collaboration and Community Development team, the coordinator aids in expanding the capacity of both municipalities and relevant housing agencies. The RHC Program operates on a regional membership model, providing each participating town with housing coordination services based on its unique needs.

CMRPC hired the Regional Housing Coordinator in close collaboration with an advisory committee comprising representatives from each member town. The committee meets regularly to review the program's progress, provide feedback, and collaborate on shared challenges. This collaborative structure has helped foster a sense of community among the towns and has ensured that the RHC's efforts are responsive to local priorities while leveraging regional insights.

RHC is a strong model for how regional staffing support can enhance local housing capacity. The program has boosted local housing capacity by providing expert support, improving public engagement, and helping towns secure grants. It also fostered peer learning across communities. A key challenge has been balancing varied workloads across towns and responding to shifting needs highlighting the importance of flexibility and sustainable staffing models.

5. Increased Data Sharing from State

Enhancing data sharing from the state would improve municipal capacity to track and enforce affordability restrictions while reducing the administrative burden by streamlining access to essential housing data. It would also support long-term affordability preservation by enabling proactive compliance management. Additionally, better data access would facilitate regional coordination, allowing municipalities to identify trends and collaborate on effective affordable housing strategies. As of April 2025, there is an opportunity to support IMAGE HD Bill that can help implement this recommendation. More details on the Bill can be found here Link to the bill language.

6. Other Recommendations Needing Additional Insight

Additionally, during engagement activities, stakeholders raised a range of promising but complex concepts that generated interest but also surfaced important questions about feasibility, equity, and implementation. These included:

- Exploring the inclusion of internet costs in the utility allowance for affordable housing units, recognizing that internet access is essential for work, education, and daily life. This change would better align affordability calculations with modern household needs and reduce the financial burden on low-income tenants.
- Consider separating or unbundle parking costs from rent calculations to help lower overall housing costs. Including parking costs within rent can raise overall housing costs, particularly for households that do not own vehicles. At the same time, unbundling parking from rent in mixed-income developments can create equity concerns. For example, if market-rate tenants have parking included in their rent but affordable tenants must pay separately, this can create a "second-class" dynamic. Additionally, in many suburban contexts where car ownership is essential, requiring separate payment for parking could result in affordable households effectively paying more than their market-rate counterparts, since affordable rents are set at a fixed AMI percentage regardless of parking. Municipalities may consider opportunities to separate parking costs from rent across all units (affordable and market-rate) in new developments where feasible. Where unbundling is pursued, ensure that policies apply consistently to avoid inequitable treatment of affordable units. Encourage shared parking models or reduced parking ratios where strong alternatives to car use exist, particularly in transit-accessible locations. Given the equity challenges and the suburban reliance on vehicles, this recommendation should be considered cautiously and contextually. Municipalities may wish to prioritize this strategy in transit-rich or walkable areas where car ownership is

less essential. For suburban or car-dependent areas, this strategy may not meaningfully reduce costs for affordable households.