

Local Action Units (LAUs)

A Resource Guide for Municipalities

November 2025



Welcome & Introductions

Welcome!

Recording Notice

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We invite you to introduce yourself in the chat with your name and affiliation.



Agenda

- ❖ Welcome & Introductions
- ❖ Context
- ❖ Project Overview
- ❖ Speaker Presentations
 - EOHLC
 - RHSO
 - City of Melrose
- ❖ Resource Guide Demo
- ❖ Recommendations
- ❖ Q+A
- ❖ Closing

Project Team



Sukanya Sharma
Senior Regional Land Use
Planner



Gwendolyn Hellen-Sands
Regional Housing Planner II

Speakers



Rieko Hayashi
LIP Director,
EOHLC



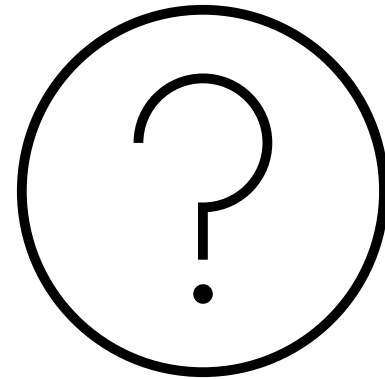
Liz Rust
Director,
Regional Housing
Services Office



Lori Massa
Director & City Planner,
City of Melrose

Zoom Poll 1

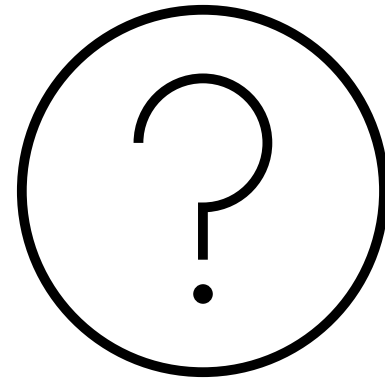
Which community do you represent or are joining us from?



Zoom Poll 2

Has your community
created LAUs before?

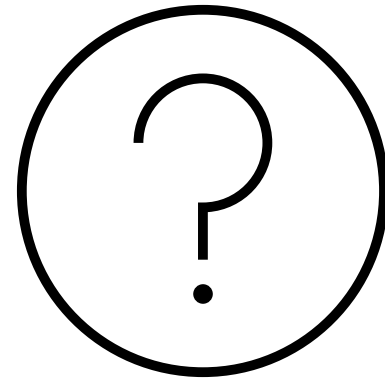
- Yes
- No
- Not sure



Zoom Poll 3

What is your biggest challenge with LAU administration?

- Rent increase reviews
- Staff capacity
- Monitoring
- Tenant communication
- Other



Context

What Are Local Action Units (LAUs)?

What are LAUs

- Locally created affordable units under the **Local Initiative Program (LIP)**
- Formed through **local actions**
- Serve households up to **80% AMI**
- Approved by **EOHLC** and can count toward the **SHI**

What LAUs are not

- Not 40B comprehensive permit projects
- Not financed with state or federal subsidies (e.g., LIHTC, MassHousing)
- Not automatically added to SHI without EOHLC approval

LAU Types of Local Actions



**Inclusionary
zoning
ordinance**

(Most common)



**Special permit
requiring
affordable units**

**Contribution of
municipally
owned land**



**Contribution of
municipal funds**



**Other zoning
such as an
overlay district**

(Less common)



**Negotiation with
developers
such as MOU**

(Less common)

Project Overview

Motivation

- **Rent increases** in LAUs are outpacing tenant income growth and heightening displacement risk.
 - In some communities, rent hikes of up to 30% have been reported following pandemic-era pauses.
- There was a **need identified for resources** around procedures, onboarding materials, and best practices to support local administration.

Goals

1. Assess Local Capacity and LAU Admin Procedures.
2. Explore rent increase trends and protections: Understand trends, raise awareness around rental increases in LAUs.
3. Create a Resource Guide: Compile resources, best practices, and lessons for partners.

Engagement

Partner Municipalities

- | | |
|---------------|----------------|
| 1. *Belmont | 8. Medford |
| 2. *Beverly | 9. Brookline |
| 3. *Melrose | 10. Newton |
| 4. *Lynn | 11. Arlington |
| 5. *Wakefield | 12. Somerville |
| 6. *Watertown | 13. Salem |
| 7. Stoneham | 14. Chelsea |

** Advisory Group*

State Engagement

- EOHLC LIP Program staff
- SHI Coordinator

Additional Engagement

- Regional Housing Services Office (RHSO)
- Housing Consultant (SEB Housing)
- Developers (2)

Project Schedule



Speaker Presentation EOHLC

Local Initiative Program

Aly Sabatino, LIP/HOP
Coordinator

Edward M. Augustus Jr.,
Secretary



Commonwealth of Massachusetts
EXECUTIVE OFFICE OF HOUSING &
LIVABLE COMMUNITIES



What is the Local Initiative Program (LIP)?



A state program that encourages locally-driven efforts to create affordable housing.



It falls under Chapter 40B and was created in response to the opposition of the development of affordable housing projects.



LIP provides a mechanism to encourage locally supported affordable housing, where the municipality is engaged in the development of the project, prior to any application to EOHLC.



Two Types of LIP Projects



“Friendly 40B”: Projects permitted with a Comprehensive Permit (LIP 40B)

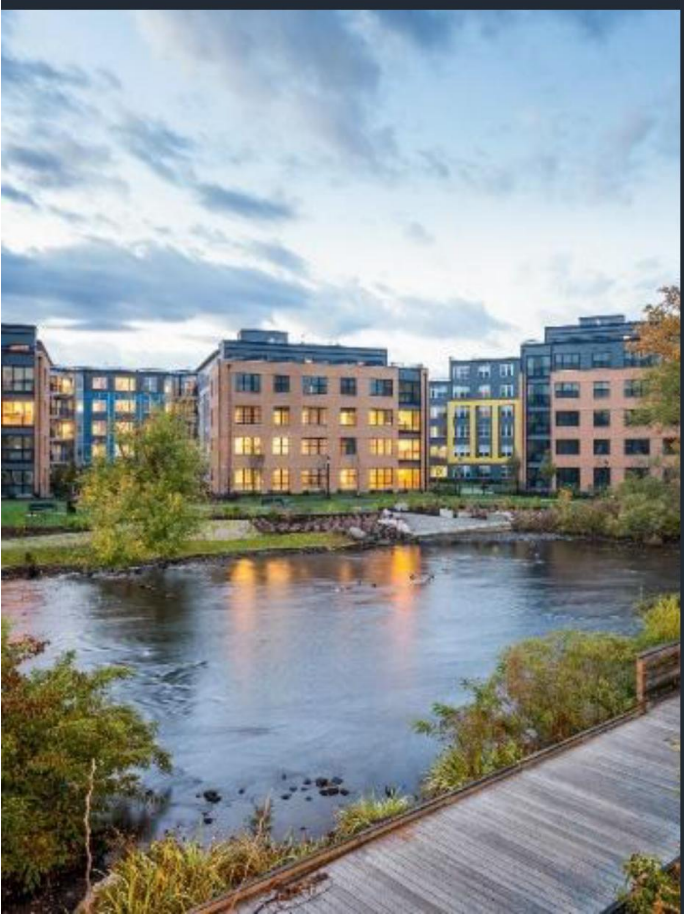
Municipality must
support – application
signed by Chief Elected
Official; other support,
e.g., CPA funds



“Local Action Units” (LAU)

Municipal action
required
Municipality submits
application

Examples of LIP Projects



New construction

Building conversion

Substantial
rehabilitation

Large and small
rental projects

Homeownership –
both single family
and condo

First Time
Homebuyer
Buydown Programs

Non-profit
sponsored projects



LIP is Popular and Growing

Since its inception in the 1980's, approximately 62,000 units of housing have been approved, almost 12,000 of which are affordable.

In 2025, 2,467 units were approved under LIP.

Of those units, 1,612 were Local Action Units

Projects are developed across the Commonwealth.

Why is LIP Appealing to Housing Partners?

Eligible units will count on the
Subsidized Housing Inventory

Locally endorsed projects -
community has a say in the early
stages

Non-competitive process - fairly
simple, since no state subsidy is
allocated.

Comprehensive permit is a good
vehicle for consolidating waivers,
etc.

Local Action Unit Application Process



Key Requirements:



Application approved by municipality



Evidence of Local Action



Affirmative Marketing Plan and Lottery



Regulatory Agreement





Examples of Local Actions that are Eligible for LAU:

- Zoning-based approvals (e.g., special permit, or other discretionary zoning approval)
“As of Right” approvals which is defined in state law as “development that may proceed under a zoning ordinance or by-law without the need for a special permit, variance, zoning amendment, waiver or other discretionary zoning approval.
- Conveyance of publicly owned land.
- Utilization of Community Preservation Act funds.

The municipal action must be conditioned on the provision of affordable units.



Fair Housing Framework

- **Obligation to affirmatively further fair housing**
 - maximum opportunities for persons protected under fair housing laws through marketing, application process, and selection policies and procedures

Marketing Plan Contents

A description of marketing and outreach

Sample ads/publications, social media

Application materials

Informational materials

Eligibility requirements

Lottery and resident selection procedures

If there is a local preference, include a clear description of the preference used



The Subsidized Housing Inventory (SHI)

- **The SHI is a list of the number of subsidized units in each community and the percentage of all units**
- **Generally, units count if:**
 - Developed under an eligible state or federal subsidy program
 - Affordable to households at or below 80% of area median income
 - Have long term use restrictions
 - Are subject to an Affirmative Fair Housing Marketing and Resident Selection Plan



What is Counted on the SHI?

- **Rental:** If at least 25% of the units are at 80% AMI or below, or at least 20% are at 50% AMI or below, and such units meet LIP criteria, then all units count. If there are fewer proposed units, only the affordable ones will count
- **Ownership** - only affordable units meeting LIP criteria count.



Contact Information

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Subsidized Housing Inventory

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Resources

LIP Website-

<https://www.mass.gov/service-details/local-initiative-program>

SHI Website-

<https://www.mass.gov/service-details/subsidized-housing-inventory-shi>



Speaker Presentation RSHO



Collaborating with the LIP Local Action Program

November 17, 2025

Elizabeth Rust, Regional Housing Services Office




What is an RHSO?

REGIONAL HOUSING SERVICES OFFICE, *ESTABLISHED 2011*




Member Towns receive housing services for an annual fee per Inter- Municipal Agreement:

- Local Support (Studies, analysis, feasibility, project review)
- Monitoring and Inventory Management
- Program Development and Administration
- Assessment Valuations
- Other affordable housing services
- RHSO Website
- Regional Efforts, Trainings



Town of Concord
Lead Community



RHSO Personnel deliver services through Lead Community.

Concord Provides:

- Staffing and Contracting
- Administrative expenses
- Accounting
- Office support
- Technology
- Other

	Housing Units	SHI Units	SHI%
Acton	9151	738	8.06%
Bedford	5424	989	18.23%
Concord	7172	715	9.97%
Lexington	12252	1,341	10.95%
Lincoln	2322	298	12.83%
Maynard	4730	425	8.99%
Natick	15563	1,545	9.93%
Sudbury	6523	775	11.88%
Wayland	5227	477	9.13%
Weston	3999	151	3.78%
	72,363	7,454	10.30%



SHI Eligibility

•Five required elements to ‘count’ units on the SHI

1. Occupancy limited to households earning up to 80% of AMI
2. Housing units created under an approved housing subsidy program (Binder)
3. Property has a recorded use restriction, restricting occupancy and specifying other details
4. Housing units subject to an Affirmative Fair Housing Marketing Plan
5. Maximum housing cost parameters are met

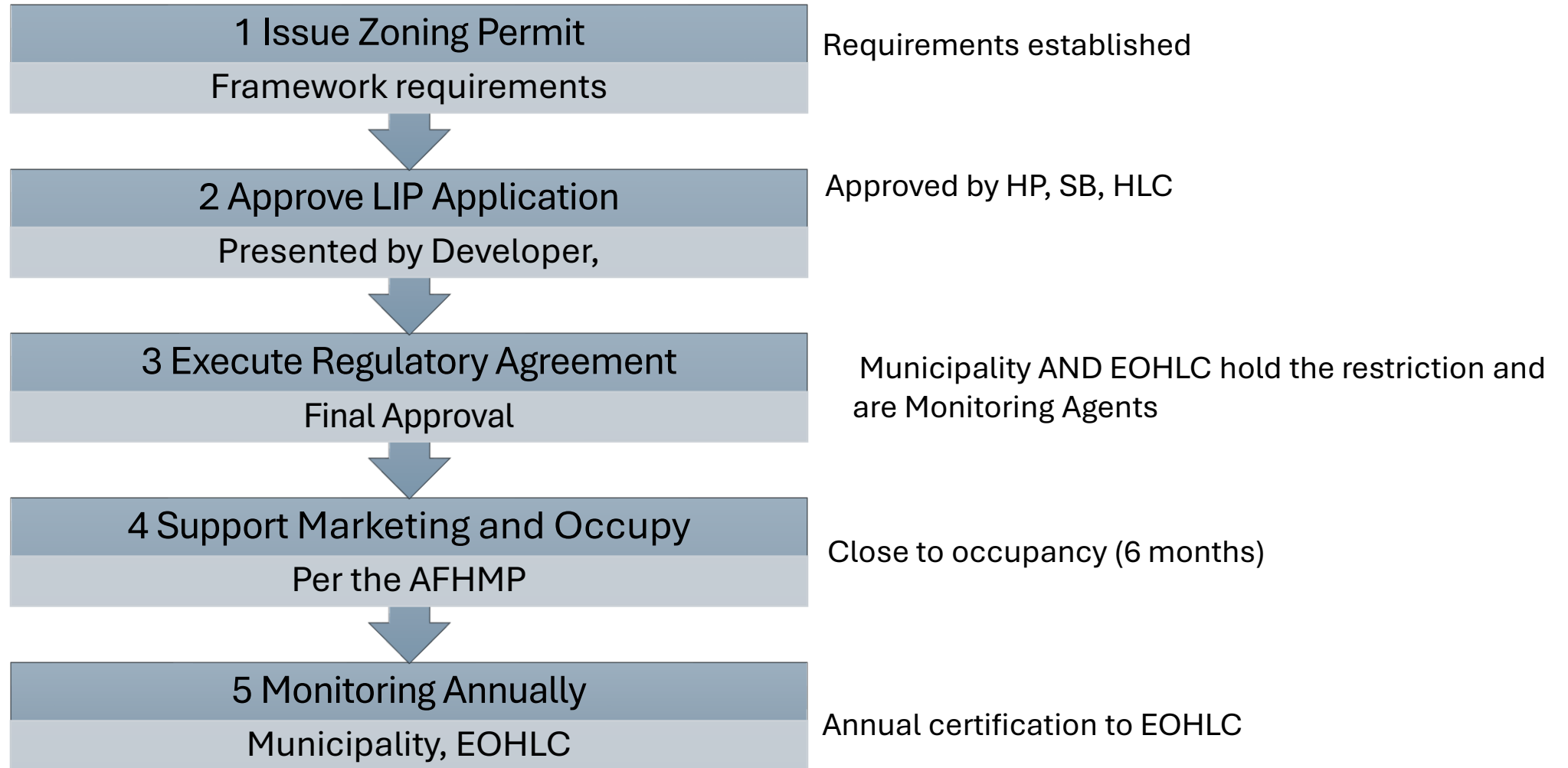
•SHI timing for LIP LAU

- Ownership: LIP Deed Restriction recorded at closing for individual unit; not at recording of Regulatory Agreement
- Rental (new): Regulatory Agreement is recorded and building permits and occupancy permits issued
- Rental (existing property): Regulatory Agreement is recorded and leases executed

*Note: 40B units are eligible at issuance of 40B permit, **not the same as LIP LAU***



Municipal Actions





1. Issue Zoning Permit

Set the Framework

- Number and specific locations of the affordable units
- Floor Plans:
 - Unit detail – size, bedrooms, bath, affordability level
 - Closets and storage
- Parking
- Timing
- Preferences
- Monitoring Agreement, consider



2. Approve LIP Application

Compare to the Permit and Other Submitted Materials

Section 1: Application and AFHMP

- LIP LAU Application: Unit table
- AFHMP: Use Checklist (handout)
- Application and Flyer

Section 2: Plans

- Permit
- Site plan
- Floor plans, units identified
- Parking!

•Section 3: Legal components

- Regulatory Agreement
- Lease/Deed Rider
- Condo documents
- Good standing/Other



Preferences

Different From Eligibility Requirements

1. Accessible Features/Units
 2. Household Size Preference
 3. Local Preference – initial occupancy only
 - Use all allowable categories
 - Municipality provides justification, at most 70%
 - Minority Balancing (to mitigate disparate impact)
- Note: Age Restriction is a **project** parameter, not a preference or eligibility





3. Execute Regulatory Agreement

- **Approval**

- Housing partnership/Trust
- Mayor/Select Board
- EOHLC

- **Execute Regulatory Agreement**

- Once approved by EOHLC (Binder)
- Marketing can start
- RA: **Three Originals**
 1. Developer and Bank first
 2. Municipality
 3. EOHLC



4. Support Marketing and Outreach

- Municipal Opportunity!
 - Website
 - Employees, Boards, Committees
 - Who keeps the ‘interest list’?
 - From each lottery,
 - How many applicants by bedroom size
 - How many local applicants
 - Consolidate



Lottery Date	Property	#AFU	#Applicants (by #br)	#Local (by #br)
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5 Annual Monitoring

- Scope of Municipal Monitoring

“Throughout the term of this Agreement, the Chief Executive Officer shall annually certify in writing to EOHLC that each of the Low- and Moderate-Income Units continues....”

1. Rental:

- Rent Approvals, Review Property Annual Reports, Marketing Review

2. Ownership:

- Annual certifications, refinancing, capital improvements, resales, annual reporting

3. Annual reporting

4. General resident inquiries



Rental Monitoring

1. Monthly Rent Requirement
2. Tenant Eligibility Requirement
3. Unit Physical Maintenance Requirement
4. Number and Mix of Affordable Units Requirement
5. Affirmative Fair Marketing Requirement



Rent Increases

1. Expect requests annually after Income Limit update
2. Have Annual Report and last year's rent increase available
3. Regulatory Agreement allows for rent based on income limit
 - Increased Income Limits, Decreased Utility Allowances raise rents
 - For 2025, HUD used median family income data from the 2023 ACS and then updated with wage growth (8% since 2023)
 - Prior HUD used an inflation forecast from the Congressional Budget Office (CBO)
4. Renewals versus new tenants
 - 2021 EOHLC: Renewals: Lesser of Calculated Rent or 5%
 - 2022 EOHLC: Urged continuance
5. 30-day time frame for approval from request

	%Chg
2025	1.6%
2024	9.9%
2023	5.9%
2022	10.7%
2021	5.0%
2020	7.9%
2019	9.9%
2018	3.7%
2017	7.0%
2016	4.8%
2015	2.8%
2014	0.6%
2013	3.6%



Ownership Monitoring

1. Send and track Annual Self-certifications
2. Review Registry of Deeds for title-impacting activity
3. Review and approve Resale, refinance, capital improvements

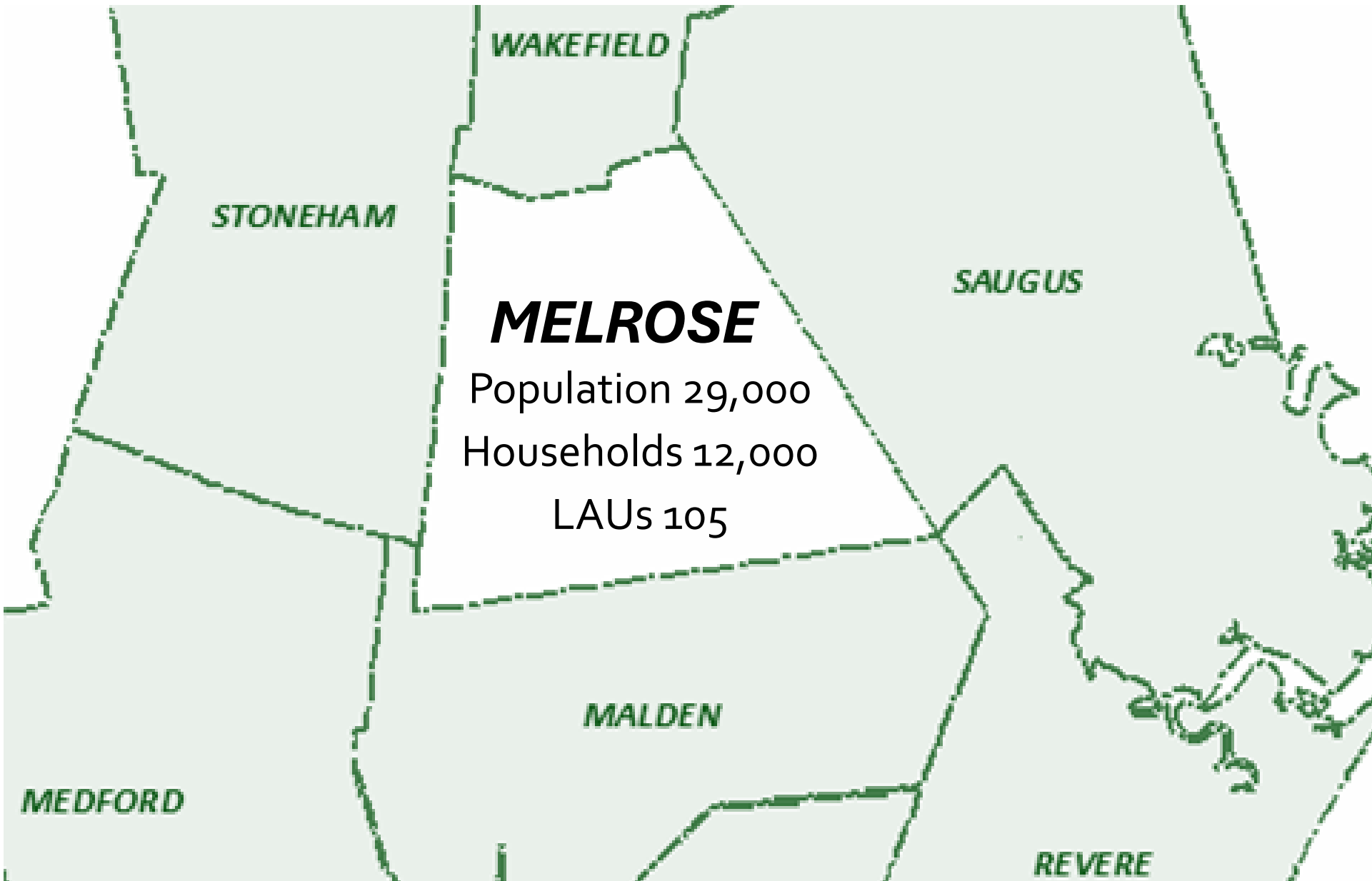
Speaker Presentation City of Melrose



Local Action Units Monitoring Challenges

**City of Melrose
Office of Planning &
Community Development**

November 17, 2025



MELROSE

Population 29,000

Households 12,000

LAUs 105

LAUs through Inclusionary Zoning

- 5-7 units developments option for monetary contribution in lieu of providing units
- 8+ units developments 15% of units affordable at 80% AMI
- Since 2004 main tool for creating LAUs
- Contributed to increase on SHI from 6.94% in 2004 to 9% today

LOCAL INITIATIVE PROGRAM APPLICATION FOR LOCAL ACTION UNITS

Introduction

The Local Initiative Program (LIP) is a state housing initiative administered by the Department of Housing and Community Development (DHCD) to encourage communities to produce affordable housing for low- and moderate-income households.

The program provides technical and other non-financial assistance to cities or towns seeking to increase the supply of housing for households at or below 80% of the area median income. LIP-approved units are entered into the subsidized housing inventory (SHI) pursuant to Chapter 40B.

Local Action Units (LAUs) are created through local municipal action *other than comprehensive permits*; for example, through special permits, inclusionary zoning, conveyance of public land, utilization of Community Preservation Act (CPA) funds, etc.

DHCD shall certify units submitted as LAUs if they met the requirements of 760 CMR 56.00 and the LIP Guidelines, which are part of the Comprehensive Permit Guidelines and can be found on the DHCD website at www.mass.gov/dhcd.

To apply, a community must submit a complete, signed copy of this application to:

Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, Massachusetts 02114
Attention: Rieko Hayashi, Program Coordinator

Telephone: 617-573-1426
Email: rieko.hayashi@state.ma.us

After initial occupancy of rental units
Regulatory Agreement requires
municipalities:

1. Review annual report
 - Units still comply
 - Continued tenant eligibility – agent responsible for getting updated info from tenants: date of last income certification, rent, etc.
2. Approve rent increases (also EOHLC)

LAU After Permitting



Ad Hoc & Fragmented Administrative Processes

- No formalized systems for administering
- Rent increase requests/annual reports are unpredictably submitted – may not be every year or sometimes more than once a year
- Negotiated via email with no standardized forms, submission schedules, or internal routing protocols
- Inconsistent implementation, missing documentation, delays that frustrate all parties
- Housing consultants that work across the region get different approvals for each municipality

LAU Monitoring Challenges



Limited Leverage on Rent Increase Approval

- Large rent increases - seen 29% when gap in request
- Tenants' incomes are not increasing at all or minimally
- Many do not have other financial support
- Displacement/housing instability

LAU Monitoring Challenges



AMI Increases & Sample Rents

% Change	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	2023- 2024	2024- 2025
Income at 80% AMI	10%	8%	5%	11%	6%	10%	2%
Max gross rent	10%	8%	5%	11%	6%	10%	2%



HH Size		80% AMI	Max Gross Rent	Sample Utility Allowance	Current Approved Max Rent Ranges	
1	Studio	\$ 92,650	\$2,316	\$ 207	\$ 1,550	\$ 1,982
2	1-bed	\$ 105,850	\$2,646	\$ 270	\$ 1,607	\$ 2,459
3	2-bed	\$ 119,100	\$2,978	\$ 363	\$ 1,782	\$ 2,642
4	3-bed	\$ 132,300	\$3,308	\$ 451	\$ 2,214	\$ 3,008

Limited Leverage on Rent Increase Approval

- Lack of clear criteria or legal tools for municipalities to push back on rent increases deemed excessive
- Varied success in negotiating lower-than-maximum increases or only for vacant units
- No enforceable rent escalation formulas, such as tying increases to the Consumer Price Index (CPI) or local wage growth

LAU Monitoring Challenges



Limited Capacity at Municipal Level

- Lack of dedicated staff with affordable housing expertise at the local level
- Difficult to proactively oversee affordability requirements, monitoring responsibilities, and tenant support
- Number of LAUs increasing – great! But require more staff time

LAU Monitoring Challenges



LAU Resource Guide

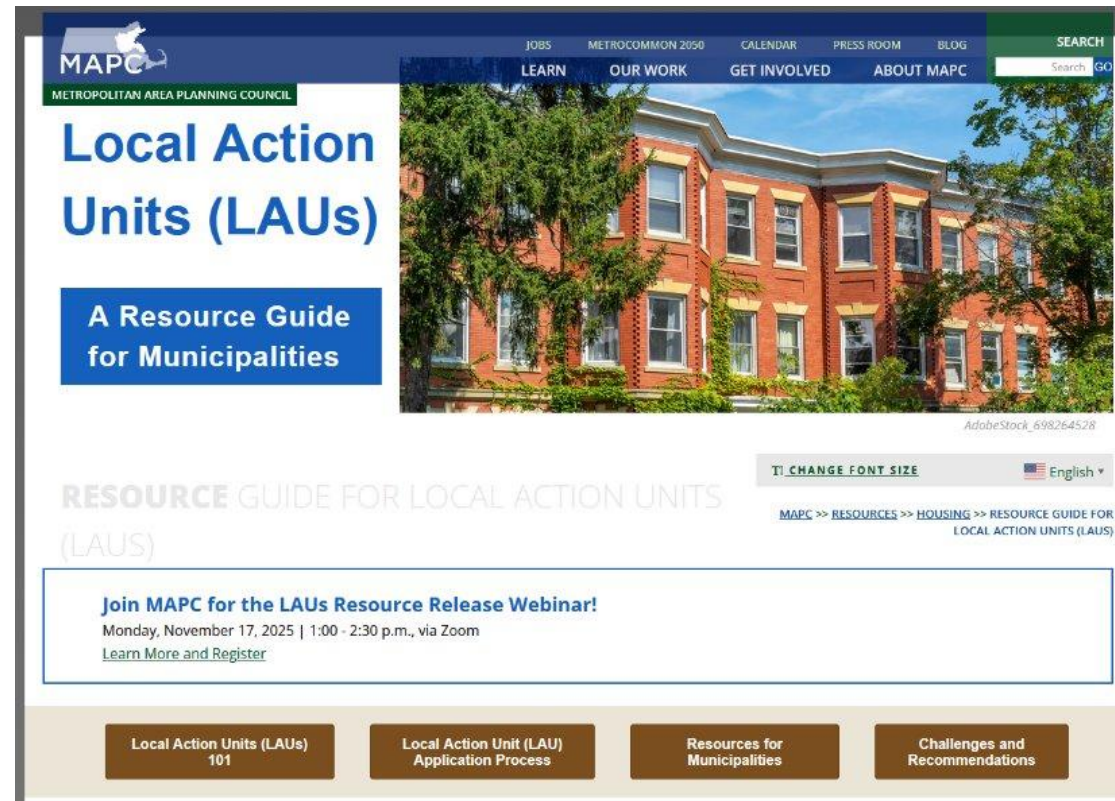
Resource Guide Content

To support ease of use, this resource guide is organized as a web-based tool.

The website contains:

- A **project overview** section that provides background on the project, the process, timeline, and acknowledgments.
- The **table of contents** that allows users to explore key sections, including LAU program basics, the application process, municipal resources, challenges and recommendations.
- Additional materials such as a **glossary of terms** and **downloadable one-pagers** are available through the sidebar.

DEMO



<https://www.mapc.org/resource-library/local-action-units-resources/>

Recommendations

Highlights

1. Establish transparent, enforceable rent increase standards

- A maximum annual **rent increase cap** tied to local economic indicators
- Ideally, a **statewide standard** to ensure consistency across jurisdictions for creation of new LAUs including a model regulatory agreement with provisions of standardized rent increase caps.

2. Consider managing vacant and occupied units separately to balance affordability and flexibility

- Allowing **maximum allowable rent increases in vacant** units, while ensuring **the occupied units see gradual rent increases**.
- 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.

Highlights

3. Streamline monitoring and rent approval process at municipal level

- Standardized forms, **formalized review and approval processes** that include clear checklists, timelines, and routing protocols to guide staff through each stage of LAU administration paired with **centralized data management** systems that reduce reliance on manual tracking and make it easier to monitor affordability compliance over time.

4. Expand municipal capacity

- Shared Housing Services Offices (SHSOs) can provide centralized support for affordable housing administration.
- **Pooling resources at the regional level**, municipalities can improve efficiency in **LAU 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.

Question & Answer

Closing