

Background

Master leasing is another strategy to engage landlords in your work to prevent and end homelessness. Typically, a service organization leases one or more apartments in their name and then sub-leases these to participants. The service provider accepts greater financial risk from damage or vacancy in exchange for greater access to housing for their clients. Master leasing is typically reserved for participants whose negative rental histories or criminal histories preclude them from renting directly from any local landlord.

In Vermont, some programs serving people experiencing homelessness - or returning to the community following a period of incarceration - have used master leasing as a focused tool to access housing for families and individuals with no other rental options. Some programs pair this model with rental assistance, allowing for flexibility in participant payment while they gain employment or other income, connect with services, and adjust to life in the community. All parties should be aware of the advantages and disadvantages of this model before entering into a master lease arrangement.

What are the Advantages?

Advantages for Service Recipient / Program Participant

1. Service provider can act as 'practice landlord' for persons and families with little or no tenant history.
2. Service provider can take care of rent, upkeep, locks, if recipient is absent for whatever reason.
3. Potential for earlier release from incarceration if not waiting to find a unit.
4. Short-term rental assistance. (In some programs)
5. The chance to build a positive landlord reference.
6. Provides another option if direct leasing is not working.
7. Participants move into permanent rental housing at a higher rate than if they had stayed in a motel.

Advantages for Landlord / Property Management

1. Guaranteed rent and no vacancy losses; Service provider pays rent to landlord and collects fees from participants.
2. Service provider does most of the “work” with the participant, addresses concerns and challenges, etc.
3. Service provider closely involved if things do not work well with sub-lesor; will work to move that person if necessary before eviction costs are incurred.
4. Offers a “trial period” for households who would have otherwise been denied based upon resident selection criteria. Often household moves to other apartment in good standing with landlord.
5. Assistance with unit turnover, finding the next tenant, etc.
6. Mission goals: Can count unit(s) in their inventory for meeting goals such as 15% for homeless goal.

Advantages for Service Provider / Case Manager

1. Allows organization to access housing stock; move someone in faster, and with flexibility of location.
2. Increases likelihood that landlords will take a chance on a participant with challenging/no rental history, criminal history, etc.
3. Can hold a unit if the participant is hospitalized or (re)incarcerated for a brief period. Includes an increased ability to enter the unit when necessary.
4. Opportunity for skill building with participants prior to moving to independent living.
5. Facilitates building relationships with landlords who gain confidence with the agency and willingness to take chance on someone who does not have a positive housing history.
6. Gives social services staff more time to focus on people, not a housing search.
7. Meeting mission goals: i.e. housing homeless individuals and families; provides “workable” housing option for people in housing crisis/emergency.

What are the Disadvantages, Risks or Unintended Consequences?

For Service Recipient / Program Participant

1. Limited tenant rights if agreements with social services agencies are questioned or aren't met.
2. Creating two “tiers” of tenants - those accepted into housing as tenants and those sub-leasing.
3. Transition can be difficult; finding an affordable unit and a willing landlord, expense and trauma associated with moving.

For Landlord / Property Management

1. Participants of program who cease engaging in services and become lease noncompliant.
2. Landlord may be responsible for potential eviction with participant household that does not have a written executed lease on file. (In some instances, this is addressed through a MOU.)
3. Social services agencies reliance on grants may cause them to non-renew lease, or not want to commit to longer term lease.

For Service Provider / Case Manager

1. If one goal is to maximize independence, master leasing could move people in the wrong direction.
2. Increased liability for service providers who are both tenant and landlord; especially difficult if a participant must be removed or damage occurs.
3. Difficult to manage costs associated with master leasing without a risk pool of funds.
4. When a service agency master leases a building and a participant gets in trouble, their status as a client of that agency could be publicly divulged by the media - risk to client confidentiality and anonymity.

Essential for Success:

1. Strong relationships between landlords and service providers; open, clear and honest communication.
2. Sustainability of service programming.
3. Participants being able to transition to landlord's subsidized portfolio.
4. Landlord and occupant/participant have one another's direct contact information to ensure maintenance and any health/safety/emergency issues can be addressed in live time.
5. Program time limits are important but must be flexible to accommodate the needs of the participant.
6. Clear expectations, roles and responsibilities between service provider, landlord and participant.
(Some partners use a performance-based Memorandum of Understanding between the service agency and landlord - in addition to lease - outlining the purpose of the partnership, number of units, location, agreed upon goals and detailed procedures. Review and monitor such an MOU on a regular basis.)
7. Frequent in-person meetings and home visits between service provider and participant.
8. Ongoing communication and trust between service provider, landlord and participant.
9. Strong sub-lease agreements or program participation agreements, depending on duration.

How do People Transition from a Master Lease Model to Permanent Housing?

- The master leased unit is meant to be **short term** (60-90 days). **Transition planning starts immediately.** Programs that use a longer length of stay in a master leased unit see more challenges with transition.
- Success in transitioning is greatly influenced by **participant motivation** as well as service provider **relationships with existing landlords.**
- The service provider holds the lease for approximately six months with the expectation that the **participant will take over the lease.**
- Some programs are designed for participants to escrow a portion of their income while in the program. **Savings can then be used for their housing costs at time of transition.**