

A [master lease](#) is when a recipient or subrecipient leases housing units from property owner(s) and in turn subleases the units to the program participant. In some cases the master lease will be for individual units and in some cases the master lease will cover multiple properties or units from a single landlord or property manager. All properties within the master lease have a single rent payment, lease terms, and renewal schedule. In other situations, a recipient or subrecipient may lease from multiple landlords or property managers, holding several leases on different properties, but using all of these leases to sublet to participants.

Master leasing can provide flexibility on tenant screening criteria because the master leaser takes on responsibility for the unit. This system is also beneficial for landlords, as they will receive rent on the master leased properties regardless of whether they are occupied and can manage the units with a single lessee rather than multiple individuals. Master leasing also promotes client choice, as it gives the provider organization flexibility to move tenants between units to accommodate changing needs.

Who Can Participate in Master Leasing?

Master leases may be held by nonprofit organizations and local or state government agencies. Units are then sublet individually to participants. In this arrangement, the landlord may be more willing to negotiate the rental terms and prices because they are [accepting less risk of loss](#). The service organization, acting as a master leaseholder, is taking on more risk if units are vacant or damaged in exchange for greater access to housing for clients.

Participants living in master leased housing are typically harder-to-house clients with negative rental, credit, or criminal histories that may make it harder for them to find housing from the private rental market. A master leasing approach can be used for shelter or housing, including [permanent supportive housing](#). In some cases, participants living in master leased units receive short-term rental assistance or have a portion of their rent placed into a savings account in their name for longer-term stability planning. In these instances, the tenant may assume the lease after a defined period.

Master leasing can reduce the risk of discrimination in the private rental market. Black people, Indigenous people, people of color, LGBTQ-identified people, and other marginalized groups are overrepresented in homelessness and housing instability. COVID-19 has amplified the historic and current inequities embedded in our systems, processes, and practices. Master leasing may reduce barriers to housing for these groups. As communities plan for the use of existing and newly available funds, the US Department of Housing and Urban Development (HUD) expects communities to [lead with equity](#). Communities should conduct a Racial Equity Impact Assessment to better understand who is not presently served well by the homeless system and consider master leasing as one strategy to reduce disparities.

How Can Master Leases be Funded?

The funding source for master leasing projects depends on the primary use of the leased property. For example, if the property is being leased for the purpose of providing emergency shelter, it could be paid for with Emergency Solutions Grants (ESG) funds. If the property is permanent supportive housing, Continuum of Care (CoC) grants may be an eligible funding source. Non-homeless system-specific funding sources, such as Community Development Block Grants, can also be eligible funding sources. In some cases, [local housing authorities](#) serve as the leaseholder. Participants living in master leased units will need to meet the eligibility criteria of the designated funding source(s).

Master Leases as a COVID-19 Rehousing Strategy

Many communities are in the process of developing plans to [quickly rehouse](#) large numbers of people that have entered shelter during the COVID-19 pandemic. Master leasing is one tool to acquire multiple units. Begin outreach with landlords who have multiple properties or multi-family complexes. Many of the Coronavirus Aid, Relief, and Economic Security (CARES) Act resources may be used for master leasing—this approach to securing units should be considered in the program design process. Providers should reach out to ESG recipients and other community stakeholders to discuss the possibility of master leasing units as part of the community COVID-19 response.

Examples of Master Leases

[Berkeley, California](#) (link automatically downloads)

[Visalia, California](#)

[Seminole County, Florida](#)