Master Leasing and HOPWA

Description of Master Leasing

In Master Leasing a project sponsor directly leases individual units, blocks of units, or an entire structure from a private owner. Unlike tenant based rental assistance (TBRA), the lease is between the private owner and the project sponsor. The sponsor will, in turn, enter into an occupancy agreement with the HOPWA-eligible household.

The approach is similar to project based rental assistance except that the housing is not owned by the project sponsor and in Master Leasing there is the possibility of eventual conversion to TBRA, with the assisted tenant assuming the lease in his/her name. It is very similar to Sponsor Based Rental Assistance (SRA) in the Shelter + Care Program of the McKinney-Vento Homeless Assistance Program. Like SRA, it is a form of rental assistance, in which the project sponsor plays a more direct role and it is very useful for beneficiaries who have difficulty meeting the requirements to participate in TBRA. In Master Leasing, the project sponsor:

- Leases individual units, blocks of units, or an entire structure
- Enters into occupancy agreements with HOPWA beneficiaries
- Provides rental assistance to the HOPWA beneficiaries including all program administration associated with rental assistance
- In some instances may work to transfer the lease to the assisted household

Benefits/drawbacks of Master Leasing

Master Leasing allows project sponsors greater levels of control and eases some of the burden on beneficiaries. In a TBRA program the client must locate appropriate housing and negotiate with the landlord regarding housing quality inspections and program participation. Some potential HOPWA beneficiaries may lack the skills needed to accomplish this or have disabilities that make it difficult to fulfill these requirements. Additionally, some potential beneficiaries may be able to accomplish these tasks but because of issues such as poor credit histories or criminal justice backgrounds are unable to obtain leases in their own names. Landlords may, however, be willing to enter into a lease with a project sponsor because they have a better credit status and can provide some additional assurances that the tenant will fulfill occupancy requirements. In the event that the landlord has any issues with the assisted tenant, they also have the security of being able to turn to the project sponsor to assist in resolving the issues.

Master Leasing can serve as a bridge to greater self-sufficiency through TBRA. Assisted clients are able to develop a relationship with a landlord, which could eventually lead to their assuming the lease in their own names. This track record in maintaining housing helps to build the client toward independence.

Master Leasing, however, also exposes project sponsors to higher levels of risk. By executing the lease, they are accepting responsibility for the rent payments and potential damages. Prior to entering into long term lease agreements, project sponsors should follow their established fiscal policies with regard to review and approval of financial transactions and obtain Board of Directors approval when required.

Program Requirements

The specific requirements that must be met for Master Leasing are identified in the following table.

Requirement	Regulatory Citation	Necessary Actions
Environmental Review	574.510(b)	Environmental Review Procedures under Part 58 Environmental certification and RROF (request for release of funds) must be approved prior to the use of HOPWA funds
Housing Quality Standards	574.310(b)	All housing assisted must meet the applicable housing quality standards (574.310(b)(2)) Sponsors must re-inspect units annually. Should a unit not meet standards upon annual re-inspection, conditions must be corrected in order to continue to receive assistance.
Resident Rent Payments	574.310(d)	All households receiving rental assistance through HOPWA must pay rent. • Annual income calculated based on requirements of 24 CFR 5.609 • Recipients of HOPWA assistance are eligible for the Self-Sufficiency Incentives for Persons with Disabilities (Earned Income Disregard) (24 CFR 5.617)
Maximum Subsidy	574.320(a)(1)	Rent Assistance cannot exceed difference between payment standard (not in excess of Fair Market Rent) (Find FMRs) and tenant rental payment
Reasonable Rent	574.320(a)(3)	Rent charged must be reasonable and not in excess of what is charged for comparable units. HUD's Office of Public and Indian Housing issued a Notice: PIH 2003-12 (HA) that instructs PHAs how to document rent reasonableness. Although not binding on HOPWA, it provides very useful guidance on how to complete a rent-reasonableness determination.
Lead Based Paint	24 CFR 35.100 - Sub-Part K	A visual assessment of potential lead based paint hazards must be made. Guidance on compliance with these requirements found here

Occupancy Agreements

Project sponsors are encouraged to develop occupancy agreements that outline tenant requirements and follow legal requirements for residential leases in the jurisdiction. Grantees and project sponsors may also include conditions of occupancy that require taking advantage of supportive services. However, should a project sponsor seek to terminate benefits, it must follow the requirements of 574.320(e)(2). Procedures include written notice of the intent to terminate assistance, an appeal process, and final determination as to whether to terminate assistance.

Reporting

Master Leasing is classified as "Facility Based Housing Assistance" for reporting purposes. (Definition of "**Facility-Based Housing Assistance** (from CAPER and APR reports)**:** All HOPWA housing expenditures which provide support to facilities, including community residences, SRO dwellings, short-term or transitional facilities, project-based units, **master leased units**, scattered site units leased by the organization, and other housing facilities approved by HUD."

On Part 3, Chart 1 HOPWA Performance Planned Goal and Actual, Master Leased units will be reported on the following lines depending on whether the leased housing is permanent or transitional.

2a.	Households in permanent housing facilities that receive operating subsidies/leased units
2b.	Households in transitional/short-term housing facilities that receive operating subsidies/leased units

Outcomes are to be reported in Part 4, Summary of Performance Outcomes under either "Permanent Supportive Housing Facilities/Units" or "Transitional/Short-Term Supportive Facilities/Units". Master Leasing is HOPWA housing assistance; if supportive services are also provided by the project sponsor that is leasing the units, then Section 3, HOPWA Outcomes on Access to care and support, Chart 1A, must also be completed.