

STATE OF NEW YORK

8431--A

IN SENATE

May 29, 2020

Introduced by Sen. JACKSON -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the real property law, in relation to establishing security deposit options for certain tenants; and to amend the public housing law, in relation to establishing the security deposit guarantee program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The real property law is amended by adding a new section
2 238-b to read as follows:

3 § 238-b. Security deposit. 1. A landlord who requires a security
4 deposit to be paid by a tenant which is covered by the provisions of
5 section 7-108 of the general obligations law, at the request of such
6 tenant, shall offer to accept at least one of the following options in
7 lieu of such security deposit:

8 a. Rental security insurance, defined as a surety bond or insurance
9 policy issued by a licensed carrier in the state of New York that guar-
10 antees or indemnifies a tenant after default of a financial obligation
11 under the rental agreement, that satisfies the following criteria:

12 (i) the insurance provider is an approved carrier licensed by the
13 department of financial services pursuant to article eleven of the
14 insurance law;

15 (ii) the coverage is effective upon the payment of the first premium
16 or fee and remains effective for the entire lease term; and

17 (iii) the coverage provided per claim is no less than the amount such
18 landlord requires for security deposits;

19 b. Payment of any security deposit over a series of no less than six
20 equal monthly installments payments, which installments shall be due on
21 the same day as the monthly rent payment and which may be paid together
22 with the monthly rent payment in a single transaction, absent a separate
23 agreement between such landlord and tenant;

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 c. Payment of a reduced security deposit which shall be no more than
2 fifty percent of the amount of one month's rent under such contract; or
3 d. If such tenant qualifies, payment of any deposit through the secu-
4 rity deposit guarantee program established by section fourteen-a of the
5 public housing law.

6 2. A tenant who elects to provide rental security insurance, pursuant
7 to paragraph a of subdivision one of this section, in lieu of a required
8 security deposit shall not be required to provide additional security or
9 insurance coverage per claim in an amount greater than the amount
10 required for the security deposit.

11 3. Such landlord shall not impose any additional fees or interest on a
12 tenant that pays his or her security deposit in an alternate manner
13 pursuant to subdivision one of this section.

14 4. Any agreement to pay a security deposit in installments shall be
15 included within such contract, lease or agreement and shall specify the
16 total deposit amount due and the amount due for each installment.

17 5. Prior to entering into a contract, lease or rental agreement a
18 landlord shall provide the tenant written notice of the available secu-
19 rity deposit alternatives and include the following language: "If a
20 security deposit is required, tenant has the right to request and land-
21 lord is required to accept one of the following four alternatives: a.
22 rental security insurance; b. a deposit paid over no less than six equal
23 monthly installments; c. a one-time reduced security deposit payment of
24 no more than fifty percent of the monthly rental rate charged for the
25 rental unit; or if such tenant qualifies d. a deposit paid through the
26 security deposit guarantee program. Tenant shall not be required to
27 provide rental security insurance coverage per claim in an amount great-
28 er than the amount required for the security deposit".

29 § 2. The public housing law is amended by adding a new section 14-a to
30 read as follows:

31 § 14-a. The security deposit guarantee program. 1. (a) The commission-
32 er shall establish within available appropriations, and administer a
33 security deposit guarantee program for any person who:

34 (i) (A) is a recipient of: the supplemental nutrition assistance
35 program pursuant to section ninety-five of the social services law,
36 safety net assistance pursuant to title three of article five of the
37 social services law, or any other qualifying federal or state public
38 assistance program as determined by the commissioner;

39 (B) has a documented showing of financial need; and

40 (ii) (A) is residing in an emergency shelter or homeless housing estab-
41 lished under article two-A of the social services law; or

42 (B) have a certification, voucher or allowance from the public assist-
43 ance shelter allowance established by section one hundred thirty-one-a
44 of the social services law, the federal Section 8 housing voucher
45 program or the Section 8 housing certificate program (42 U.S.C. 1437 et
46 seq.).

47 (b) The commissioner shall provide security deposit guarantees for use
48 by such persons in lieu of a security deposit on residential rental
49 property or rental dwelling unit.

50 (c) Eligible persons shall receive a security deposit guarantee in an
51 amount not to exceed the equivalent of one month's rent on such residen-
52 tial rental property or rental dwelling unit.

53 (d) No person shall apply for and receive a security deposit guarantee
54 more than once in any eighteen-month period without the express authori-
55 zation of the commissioner, except as provided in subdivision two of
56 this section.

1 2. (a) In the case of a person who qualifies for a guarantee, the
2 commissioner or any local or regional nonprofit corporation or social
3 service organization under contract with the division of housing and
4 community renewal to assist in the administration of the security depos-
5 it program established pursuant to subdivision one of this section,
6 shall execute a written agreement to pay the landlord for any damages
7 suffered by the landlord due to the tenant's failure to comply with such
8 tenant's obligations pursuant to the contract for use or rental of the
9 residential rental property or rental dwelling unit, provided the amount
10 of any such payment shall not exceed the amount of the requested securi-
11 ty deposit.

12 (b) Notwithstanding the provisions of subdivision one of this section,
13 if a person who has previously received a grant for a security deposit
14 or a security deposit guarantee becomes eligible for a subsequent secu-
15 rity deposit guarantee within eighteen months after a claim has been
16 paid on a prior security deposit guarantee, such person may receive a
17 security deposit guarantee. The amount of the subsequent security depos-
18 it guarantee for which such person would otherwise have been eligible
19 shall be reduced by any amount of a previous grant which has not been
20 returned to the department pursuant to this section, or the amount of
21 any payment made to the landlord for damages pursuant to this section.

22 3. Any payment made pursuant to this section to a person receiving
23 assistance pursuant to any federal, state or local program shall not be
24 deducted from the amount of assistance to which the recipient would
25 otherwise be entitled under such program.

26 4. The commissioner may, within available appropriations, on a case-
27 by-case basis, provide a security deposit grant to a person eligible for
28 the security deposit guarantee program established pursuant to subdivi-
29 sion one of this section, in an amount not to exceed the equivalent of
30 one month's rent on such residential rental property or rental dwelling
31 unit, provided the commissioner determines that emergency circumstances
32 exist which threaten the health, safety or welfare of a child who
33 resides with such person. Such person shall not be eligible for more
34 than one such grant without the authorization of said commissioner.
35 Nothing in this section shall preclude the approval of such one-month
36 security deposit grant in conjunction with a one-month security deposit
37 guarantee.

38 5. Nothing in this section shall preclude the commissioner from enter-
39 ing into a contract with one or more local or regional not-for-profit
40 corporations or social service organizations for the purpose of issuing
41 security deposit guarantees pursuant to this section.

42 6. A landlord shall submit a claim for damages not later than forty-
43 five days after the date of termination of the tenancy. Payment shall be
44 made only for a claim that includes receipts for repairs made. No claim
45 shall be paid for a dwelling unit from which a tenant vacated because
46 substandard conditions made such dwelling unit uninhabitable, as deter-
47 mined by a local, state or federal regulatory agency.

48 7. Any person who is found eligible to receive a security deposit
49 guarantee under this section and for whom the commissioner has paid a
50 claim by a landlord, shall contribute five percent of one month's rent
51 under such contract to the payment of the security deposit. The commis-
52 sioner may waive such payment for good cause.

53 8. The commissioner shall promulgate rules and regulations, to admin-
54 ister the program established pursuant to this section and to set eligi-
55 bility criteria for such program.

1 § 3. This act shall take effect on the one hundred twentieth day after
2 it shall have become a law. Effective immediately, the addition, amend-
3 ment and/or repeal of any rule or regulation necessary for the implemen-
4 tation of this act on its effective date are authorized to be made and
5 completed on or before such effective date.