# 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:**

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

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

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

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

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

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

**b. Payment of any security deposit over a series of no less than six equal monthly installments payments, which installments shall be due on the same day as the monthly rent payment and which may be paid together with the monthly rent payment in a single transaction, absent a separate 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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c. Payment of a reduced security deposit which shall be no more than fifty percent of the amount of one month's rent under such contract; or

d. If such tenant qualifies, payment of any deposit through the security deposit guarantee program established by section fourteen-a of the public housing law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. The commissioner shall promulgate rules and regulations, to administer the program established pursuant to this section and to set eligibility criteria for such program.

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