§ 143-c. Avoidance of abuses in connection with rent security deposits. 1. Whenever a landlord requires that he be secured against non-payment of rent or for damages as a condition to renting a housing accommodation to a recipient of public assistance, a local social services official may in accordance with the regulations of the department secure the landlord by either of the following means at the option of the local social services official:

(a) By means of an appropriate agreement between the landlord and the social services official, or

(b) By depositing money in an escrow account, not under the control of the landlord or his agent, subject to the terms and conditions of an agreement between the landlord and the social services official in such form as the department may require or approve provided, however, that this option shall not be used in instances where recipients reside in public housing.

2. Except as expressly provided in subdivision three of this section, it shall be against the public policy of the state for a social services official to pay money to a landlord to be held as a security deposit against the non-payment of rent or for damages by a public assistance recipient, or to issue a grant to a recipient of public assistance therefor.

3. When, however, in the judgment of a social services official housing accommodations available in a particular area are insufficient to properly accommodate recipients of public assistance in need of housing, and in order to secure such housing it is essential that he pay money to landlords to be held as security deposits against the non-payment of rent or for damages by public assistance recipients, or to issue grants to recipients of public assistance therefor, such social services official may pay or furnish funds for such security deposits until sufficient housing accommodations are available in the particular area to properly accommodate recipients of public assistance in need of housing. Social services officials shall not pay or furnish such funds in instances where recipients reside in public housing. Landlords receiving such security deposits shall comply with the provisions of article seven of the general obligations law. Such cash security

deposits shall be subject to assignment to the local social services official by the recipients of public assistance or care. Any social services official paying or furnishing funds for security deposits in accordance with the provisions of this subdivision shall make diligent effort to recover such payments or funds from a recipient landlord as allowed by law.

4. This section shall apply to federally-aided categories of public assistance except to the extent prohibited by applicable federal laws and regulations.

5. This section shall apply to recipients of supplemental security income benefits or additional state payments, as defined in section three hundred of this chapter, and such persons shall be deemed recipients of public assistance for the purposes of this section.