



Legislation Text

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Res. No. 36

Resolution calling upon the New York State Legislature to introduce, and the Governor to sign, legislation which would authorize municipalities to create a loan program to assist small business owners in securing commercial lease space.

By Council Members Brewer, Chin, Dickens, Ferreras, Fidler, Gentile, James, Koslowitz, Lander, Palma, Reyna, Rodriguez, Williams, Nelson, Mark-Viverito, Lappin, Crowley and Koo

Whereas, Landlords of residential and commercial real estate require security deposits when they lease their real estate to tenants; and

Whereas, Security deposits are monies deposited by a tenant to a landlord as security (guarantee) for full and faithful performance by the tenant of the lease provisions, including maintaining good condition of the premises; and

Whereas, The purpose of the security deposit is to protect the real estate owner from the cost of physical damage to the property when a tenant leaves, and/or to give the owner a financial cushion in the event of the tenant's monetary default; and

Whereas, Unlike residential real estate, however, leases on commercial real estate are not subject to most consumer protection laws that govern residential leases, for example, there are no caps on security deposits or rules protecting a tenant's privacy in leases of commercial real estate; and

Whereas, Accordingly, landlords demand as security what they think they will need to cover potential loss of revenue and expense if a tenant defaults on the lease provisions; and

Whereas, According to Bankrate.com, commercial real estate owners typically request ten percent of the lease total as security deposit to cover defaults and incidentals; and

Whereas, In New York City, many small business owners have reported paying up to six months rent

for a security deposit when entering into or renewing a lease for commercial real estate; and

Whereas, As a result, renting commercial space in New York City has become cost-prohibitive for many small business owners, who now contemplate renting space outside of the five boroughs; and

Whereas, Providing small business owners the financial assistance they need to enter into and renew a lease for commercial real estate will allow such owners to keep their businesses in New York City, and keep their businesses financially viable; now, therefore be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to introduce, and the Governor to sign, legislation which would authorize municipalities to create a loan program to assist small business owners in securing commercial lease space.

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