§ 21.11. Special provisions relating to tax-equivalency payments. 1. The trust shall use and apply in the following order the tax-equivalency payments it receives in respect of each combined-use facility:

(a) the trust shall first pay the costs of administration of the trust allocable to such combined-use facility in accordance with generally accepted accounting principles consistently applied, including without limitation, the costs of collecting such tax-equivalency payments, and establish or maintain such reserves for the payment of such costs as the trust deems necessary;

(b) the trust shall then pay to the city, from and after the date on which the trust acquires any real property described in subdivision two of section 21.09 of this article or any other real property in or on which all or any part of a combined use facility is or is designed to be developed after January first, nineteen hundred ninety-seven, as nearly as practicable in accordance with the applicable schedule for making real property tax payments to the city with respect to such property, annual amounts equal to the total assessed valuation, for the fiscal year of such acquisition, of any such acquired real property with respect to which real property taxes were paid to the city during the fiscal year immediately preceding such acquisition, multiplied by the real property tax rate applicable to such acquired property during each fiscal year in which such amounts are required to be paid; provided that the amount paid by the trust pursuant to this paragraph during any fiscal year shall not be less than the amount paid by the trust pursuant to this paragraph during the immediately preceding fiscal year;

(c) if, for any fiscal year of the city up to and including the fiscal year ending ten years after the taxable status date next following the completion of construction of the non-institutional portion of such facility, the amount required to be paid by the trust pursuant to paragraph (b) of this subdivision is less than ten per centum of the aggregate amount of tax-equivalency payments received by the trust in respect of such portion during the same fiscal year, then the trust shall pay to the city, in lieu of the amount required to be paid by the trust pursuant to paragraph (b) of this subdivision, an amount equal to ten per centum of the aggregate amount of such tax-equivalency payments;

(d) the trust shall then pay to the city an amount equal to fifty per centum of the increase in the amount of tax-equivalency payments

received by the trust in respect of the non-institutional portion of such facility, during each fiscal year of the city following the fiscal year beginning ten years after the taxable status date next following the completion of construction of such portion, above the amount of the tax-equivalency payments received by it during the fiscal year beginning ten years after such taxable status date, such payments to be made by the trust at the end of each fiscal year of the city for which they are required to be made; to the extent that such increase has resulted from a change in the assessed valuation or the real property tax rate applied to such portion;

(e) with remaining amounts, to pay principal and interest on bonds, notes and other obligations of the trust issued to finance development of all or any part of the institutional portion of such combined-use facility, and establish or maintain reserves to pay or secure such bonds, notes or other obligations equal to no more than the sum required to be paid to such reserves so that the moneys then held in such reserves equal the aggregate amount of the then outstanding principal of such bonds plus any redemption premium thereon and any interest to accrue thereon to the earliest or subsequent date of payment or redemption thereof;

(f) unless otherwise provided by a resolution of the board of estimate of the city, or successor body, beginning with the fiscal year of the trust in which the trust has paid, redeemed or otherwise retired or provided a reserve to redeem or otherwise retire all bonds, notes and obligations of the trust issued to finance development of all or any part of the institutional portion of such combined-use facility, the trust shall then pay from time to time the costs of operating and maintaining the institutional portion, developed by or on behalf of the trust, of such combined-use facility, including without limitation, the costs of lighting, heating, cooling, security, maintenance, repairs and necessary replacements; provided that at the end of each fiscal year of the city after commencement of payment of such costs, the trust shall have sufficient funds to make the payments then required under paragraphs (b), (c) and (d) of this subdivision; and

(g) the trust shall then pay to the city the entire remaining balance at the end of each fiscal year of the trust.

The provisions of paragraphs (b), (c) and (d) of this subdivision shall be subject to any agreement under subdivision five of section 20.13 of article twenty of this chapter.

2. Solely for purposes of determining the amount of the tax-equivalency payments required to be paid in respect of the real property, consisting of the non-institutional portion, or any part thereof, of a combined-use facility or in or on which all or any part of such portion prior to completion is designed to be and upon completion is developed for residential use, such real property shall be deemed to be exempt from real property taxation as follows: during the period of construction of such portion, such exemption shall consist of full exemption, and for a period not to exceed ten years in the aggregate after the taxable status date in the city next following the completion of such construction, such exemption shall consist of two years of full exemption, followed by two years of exemption from eighty percent of such taxation, followed by two years of exemption from sixty percent of such taxation, followed by two years of exemption from forty percent of such taxation, followed by two years of exemption from twenty percent of such taxation; provided that during such period of construction and such ten-year period tax-equivalency payments shall be made with respect to such real property at least equal to the amount computed by multiplying (a) the amount which bears the same ratio to the assessed valuation, for the fiscal year of the city prior to the commencement of such construction, of the land comprising the zoning lot or lots, exclusive of the real property described in subdivision two of section 21.09 of this article on which all or any part of such combined-use facility is or is designed to be developed as the floor area used or designed to be used in the non-institutional portion of such facility for residential use bears to the aggregate floor area permitted to be constructed on such lot or lots under applicable zoning regulations in effect at the time of commencement of such construction by (b) the real property tax rate in the city for such fiscal year.

3. The exercise of the power granted to the trust by this article and article twenty of this chapter to collect tax-equivalency payments from owners is in all respects for the general welfare and benefit of the

people of the state, and with respect to such owners, has the same effect as though such tax-equivalency payments were taxes as defined in the real property tax law which had been duly levied and imposed upon such owners by the city.

4. If any owner shall fail to make tax-equivalency payments as required by this article and article twenty of this chapter, the trust shall have a lien on the real property in respect of which such payments were required to be made as if the tax-equivalency payments were real property taxes and the trust were a tax district within the meaning of the real property tax law. Such lien shall have all the priorities of a lien for taxes of such real property in favor of the city and shall be enforceable by the trust in the manner provided for the collection of tax liens in title two of such article eleven; provided that in place of any period of redemption provided by law no judgment of foreclosure shall be entered until three years after the date on which such owner first failed to make such payments; and provided further that from such date interest shall accrue on such lien at the rate for late payment of real property taxes in the city.