§ 507. Disposition of property. 1. In addition to employing any other lawful method of utilizing or disposing of any real property, and appurtenances thereto or any interest therein owned by a municipality or acquired by it pursuant to section five hundred six of this article, a municipality may sell, lease for a term not exceeding ninety-nine years, or otherwise dispose of any such real property and appurtenances thereto, to any person, firm or corporation at the highest marketable price or rental at public auction or by sealed bids pursuant to the provisions of any general, special or local laws applicable to the sale or disposition of real property by said municipality.

2. Notwithstanding anything to the contrary contained in this article and notwithstanding the provisions of any general, special or local law applicable to the sale of real property by a municipality, such real property and appurtenances thereto may be sold, leased for a term not exceeding ninety-nine years or otherwise disposed of for the effectuation of any of the purposes of the urban renewal program in accordance with the urban renewal plan:

(a) to any limited profit housing company organized pursuant to the provisions of article two of the private housing finance law without public auction or sealed bids;

(b) to any limited dividend housing company organized pursuant to article four of the private housing finance law or redevolpment company organized pursuant to article five of the private housing finance law, without public auction or sealed bids provided that notice of such sale, lease or other disposition is published and a public hearing is held before the governing body not less than ten days after such publication;

(c) to any person, firm or corporation designated by the agency and approved by the governing body as a qualified and eligible sponsor in accordance with established rules and procedures prescribed by the agency, provided that (1) the agency has published, in at least one newspaper of general circulation in the municipality at least ten days prior to such sale, lease or other disposition, a notice which shall include a statement of the identity of the proposed sponsor and of his proposed use or reuse of the urban renewal area or of the applicable portion thereof; such notice shall be in such form and manner as may be prescribed by the agency and, in the case of projects aided by a state

loan, periodic subsidy or capital grant or in which application has been made for such loan, subsidy or grant, as approved by the commissioner; (2) such proposed sponsor agrees to pay the minimum price or rental fixed by the agency for such real property; (3) such proposed sponsor matches any bid higher than the said minimum price or rental, and (4) such sale, lease or other disposition shall require effectuation of the purpose thereof within a definite and reasonable period of time. In the event that such qualified and eligible sponsor does not agree to pay the minimum price or rental fixed by the agency or fails to match any higher bid than such minimum price or rental, a municipality may, in its sole discretion and only if consistent with the urban renewal plan, sell or lease for a term not exceeding ninety-nine years any such real property and appurtenances thereto, to any person, firm or corporation, the property acquired from such person, firm or corporation or substantially equivalent property within the urban renewal area, provided that such former owner (1) agrees to pay the said minimum price or rental and (2) matches any higher bid than said minimum price or rental, and

(d) to any person, firm or corporation designated by the agency as a qualified and eligible sponsor pursuant to the provisions of clause (1) of subsection (c) of this subdivision without public auction or sealed bids, provided that (1) the price or rental to be paid by such sponsor for such property and all other essential terms and conditions of such sale, lease or other disposition shall be included in the notice published by the agency pursuant to the said clause (1) of subsection (c) of this subdivision, (2) that such sale, lease or other disposition be approved by the governing body after a public hearing held not less than ten days after the publication of such notice, and (3) such sale, lease or other disposition shall, in the case of projects aided by a state loan, periodic subsidy or capital grant or in which application has been made for such loan, subsidy or grant, be approved by the commissioner.

(e) for the effectuation of any of the purposes of the urban renewal program and in accordance with the urban renewal plan, a municipality may grant, sell, convey or lease, without public hearing or public letting, to a public utility subject to the jurisdiction of the public service commission, for construction and maintenance of public utility systems, and the conduct and operation thereof, for such length of time

as it may deem advisable, franchises, easements or rights of ways, in, over, below, along or across any lands acquired by the municipality pursuant to this article, upon such terms and conditions, for such consideration and subject to such restrictions as in the judgment of its governing body shall seem proper, provided, the governing body shall first determine that the use and enjoyment for such purposes of such lands is not inconsistent with the purposes and provisions of the urban renewal plan.

3. Any deed, lease or instrument by which real property and appurtenances thereto, or air rights and concomitant easements or other rights of user necessary for the use and development of such air rights over streets, alleys, highways or other public rights of way, railway or subway tracks, bridge or tunnel approaches or entrances, or other similar facilities, or air rights sites and necessary sitework, the foundations and platforms constructed or to be constructed in connection therewith, or any interest therein is conveyed or disposed of pursuant to this section shall contain provisions requiring the purchaser, lessee or grantee to replan, clear, rehabilitate, restore, renew, conserve, improve, reconstruct or redevelop such property in accordance with the urban renewal plan as approved by the governing body and within a definite and reasonable period of time subject to the terms of the contract relating thereto between the municipality and the sponsor, and provisions insuring the use of such real property for purposes consistent with such urban renewal plan.

4. (a) Leases authorized by this section may contain provisions subordinating the fee interest of a municipality to a sponsor for purposes of pledging or assigning such fee interest to the primary leasehold mortgagee of said lease, provided that the amount to which the fee is subordinated shall not exceed the lessee's cost of completing its obligation to replan, clear, rehabilitate, restore, renew, conserve, improve, reconstruct or redevelop such property in accordance with the lease provisions.

(b) A municipality may execute such instruments as may be required to implement the provisions of this subdivision.

(c) Leases and such other instruments as may be required shall contain

provisions stating that (1) the municipality shall assume no liability for any debt underlying the pledge or assignment of the fee interest; (2) the municipality, at its option, may satisfy any obligation for which the fee interest is assigned or pledged; and (3) no foreclosure action shall be maintained against such subordinated fee interest until the obligation of the sponsor to replan, clear, rehabilitate, restore, renew, conserve, improve, reconstruct or redevelop such property has been completed in accordance with the lease provisions.

(d) A municipality shall not subordinate its fee interest, as authorized by this subdivision, to any leasehold mortgagee if the municipal fee interest is to be assigned or pledged to another governmental agency, public authority or public benefit corporation created and organized for the purpose of providing primary or secondary financial assistance for commercial, industrial or business development.

5. In a city having a population of one million or more, the governing body may, as part of its review of the land use impact and implications of a disposition of property for residential use proposed to be made pursuant to this section, incorporate into its approval any or all of the following: (i) the number of residential units; (ii) whether such units are home ownership units, rental units or condominium or cooperative units; (iii) the estimated initial rents or selling prices for such units; (iv) income restrictions, if any, on renters or purchasers of such units; and (v) the basis on which the consideration for the sale or lease of the property is to be determined; provided, however, that this subdivision shall not apply to the extent an approved urban renewal plan incorporates such items.