**§ 509. Periodic subsidies.** 1. The commissioner may, in the name of the state, make or contract to make periodic subsidies to a municipality to assist such municipality in carrying out one or more programs of urban renewal, subject to the limitations contained in the first paragraph of section seventy-three of the public housing law, in this section and in any other law applicable thereto. Such subsidies shall be applied by the municipality only for the purpose of paying the principal and interest on the state loan for the urban renewal program or on loans from other sources pursuant to subdivision three of this section.

2. The periodic subsidy for each program of urban renewal shall be payable to the municipality on an annual basis over the period of the state loan for the urban renewal program, commencing on the date provided for in the loan contract made with the commissioner, in a total amount determined by the commissioner but no greater than the sum due to the state for principal and interest on the state loan for such program. The amount of such payments need not be uniform and portions of the periodic subsidy payable for any one year may be paid from time to time as required.

3. Where all or any part of the sum which the commissioner has contracted to lend to the municipality is borrowed by the municipality from sources other than the state, the periodic subsidy contracted for pursuant to subdivision one of this section may be used by the municipality for the payment of such loans obtained from such sources for the program to which such periodic subsidies relate, provided the terms and conditions of such loans have been approved by the commissioner. Such periodic subsidies shall also be payable to the municipality on an annual basis over a fixed period of years not exceeding the probable life of such program, in a total amount determined by the commissioner but no greater than the sum due to such lenders for principal and interest on such loan, commencing on the date provided for in the loan contract made with the commissioner. Notwithstanding any other provision of any general or special law, the contract for such loan from sources other than the state shall provide that upon any date when an installment of principal shall become due and payable the municipality may anticipate any installment which would

otherwise become due and payable thereafter.

4. The faith of the state is pledged to the payment of all periodic subsidies contracted for by the commissioner. Such periodic subsidies shall be paid upon the audit and warrant of the state comptroller upon vouchers approved by the commissioner.