§ 695. Disposition of property. 1. In addition to employing any other lawful method of utilizing or disposing of an eligible area, 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 such municipality.

2. Notwithstanding any provision to the contrary contained in this article or any other law, general, special or local, 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 this article to:

(a) any person, firm or corporation designated by the agency and approved by the governing body or, in a city having a population of one million or more, by the mayor, as a qualified and eligible sponsor in accordance with established rules and procedures prescribed by the agency, provided that: (i) 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 project summary of the proposed urban development action area project and such notice shall be in the form and manner prescribed by the agency; (ii) such proposed sponsor agrees to pay the minimum price or rental fixed by the agency for such real property; (iii) such proposed sponsor matches any bid higher than such minimum price or rental; and (iv) such sale, lease or other disposition requires effectuation of the urban development action area project within a definite and reasonable period of time; or

(b) any person, firm or corporation designated by the agency as a qualified and eligible sponsor in accordance with established rules and procedures prescribed by the agency without public auction or sealed bids, provided that (i) 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 subparagraph (i) of paragraph (a) of

this subdivision, (ii) such sale, lease or other disposition requires the effectuation of an urban development action area project with a definite and reasonable period of time, and (iii) that such sale, lease or other disposition be approved by the governing body or, in any city having a population of one million or more, by the mayor, after a public hearing held not less than ten days after the publication of such notice.

3. A municipality may not transfer pursuant to this article any interest in any eligible area to any person, firm or corporation constituting (i) any former owner in fee of all or part of the real property in which such interest is sought to be transferred or of any other real property which was acquired by the municipality through real property tax or other lien enforcement proceedings; (ii) any spouse of such a former owner; (iii) any business entity substantially controlled by such a former owner; or (iv) any successor in interest to such a former owner, except a purchaser from such successor in interest in good faith and for value. The municipality shall require an affidavit from each person, firm or corporation to whom it proposes to sell or lease an interest in any such eligible area certifying that the proposed sale or lease does not violate the provisions of this subdivision. Any deed, lease, or instrument which transfers an interest in any such eligible area in violation of this subdivision shall be voidable by the municipality, provided that a subsequent bona fide holder of an interest in the real property, whether as purchaser, lessee, or mortgagee shall not be affected by this subdivision three.

4. Any lease of real property and appurtenances thereto for a period in excess of one year including any renewals or options to renew or for a total rental may be made only upon a written appraisal of the market value thereof verified by an appraiser with at least five years experience appraising real property, made within a period of sixty days prior to the authorization to enter into such lease given by the governing body or, in any city having a population of one million or more, by the mayor, and filed in the office of that body or officer and made available for public examination and copying at least thirty days before such authorization. Any sale of real property and appurtenances

thereto shall be made only upon a written appraisal of the value thereof by an appraiser with at least five years experience appraising real property, made within six months prior to the authorization of such sale or other disposition by the governing body or, in any city having a population of one million or more, by the mayor, and filed in the office of that body or officer and made available for public examination and copying at least thirty days before such authorization.

5. Any deed, lease or instrument by which real property and appurtenances thereto, or air rights and concomitant easements or other rights of users 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 development action area project as approved by the governing body and within a definite and reasonable period of time subject to the terms of the contract or lease or deed relating thereto between the municipality and the sponsor, and shall contain provisions insuring the use of such real property for purposes consistent with such urban development action area project.

6. (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 such 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: (i) the municipality shall assume no liability for any debt underlying the pledge or assignment of the fee interest; (ii) the municipality, at its option, may satisfy any obligation for which the fee interest is assigned or pledged; and (iii) 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) Notwithstanding any standards or procedures established for land disposition by general, special or local law or charter, if an urban development action area project is to be developed on an eligible area and consists solely of the rehabilitation or conservation of existing private or multiple dwellings or the construction of one to four unit dwellings or, until June thirtieth, two thousand twenty-seven, for up to six urban development action area projects in any calendar year, the construction of up to ninety dwelling units financed by the federal government and restricted to occupancy by the elderly or by persons with disabilities without any change in land use permitted by local zoning, a municipality may dispose of the real property constituting such urban development action project to any person, firm, or corporation qualified pursuant to this subdivision by resolution of its governing body or, in any city having a population of one million or more, by action of the mayor, provided that such disposition is in accordance with the requirements of this subdivision. Disposition of real property acquired by condemnation shall be in accordance with the requirements of section four hundred six of the eminent domain procedure law, if applicable.

7. In a city having a population of one million or more, within one hundred fifty days following receipt of a written submission from the agency requesting waiver of designation of an urban development action area and approval of an urban development action area project, the governing body shall (i) approve or disapprove by resolution the requested waiver of designation of an urban development action area pursuant to section six hundred ninety-three of this article, and (ii) approve or disapprove by resolution the proposed urban development action area project pursuant to section six hundred ninety-four of this article. If the governing body fails to take such action within one

hundred fifty days following receipt of such written submission from the agency, then (i) the waiver of designation of an urban development action area requested by the agency shall be deemed approved pursuant to section six hundred ninety-three of this article, and (ii) the urban development action area project proposed by the agency shall be deemed approved pursuant to section six hundred ninety-four of this article.