*** § 696-a. Loans.** 1. a. Notwithstanding the provisions of any general, special or local law, an agency is hereby authorized to make or contract to make grants or loans to the owner of any property that is part of an urban development action area project for the purpose of (i) rehabilitation of an existing private or multiple dwelling or construction of a new private or multiple dwelling, (ii) providing site improvements, incidental or appurtenant to such rehabilitation or such construction, within the urban development action area in which the urban development action area project is located, including, but not limited to, water and sewer facilities, sidewalks, landscaping, parks and open space, social, recreational, communal and other non-residential facilities and the outfitting thereof, the curing of problems caused by abnormal site conditions, excavation and construction of footings and foundations and other improvements associated with the provision of infrastructure, or (iii) providing for other costs of construction for the development of private and multiple dwelling housing accommodations.

b. In the case of a grant made under this section for the rehabilitation of an existing multiple dwelling intended to be converted to a condominium or cooperative form of ownership or for the development of one to four unit housing accommodations or a condominium or cooperative housing corporation, such grant shall require a regulatory agreement with the agency limiting profits.

c. Any loan made in accordance with this section shall be secured by a note and mortgage upon the property improved, other than any such property title to which is held by the municipality or, in the case of a condominium, a note and mortgage upon each of the condominium units aided by such loan, or in the case of a cooperative housing corporation, a note and mortgage upon the economic interest in such corporation of each tenant-shareholder aided by such loan, or upon the property improved, other than any such property title to which is held by the municipality, or upon both such economic interest or property; provided, however, that all or part of any such loan may be unsecured if necessary to satisfy the requirements of any participating lender, and, provided further, that the lien created by the note and mortgage may be recorded in an equal or subordinate position, or subsequently made equal or

subordinate, to a lien recorded by any participating lender against such property. Such loan shall be repaid over such period as the agency shall determine.

d. Such note and mortgage may provide that the loan shall automatically be reduced to zero over a period of up to thirty years of continuous compliance by the owner with a regulatory agreement with the agency limiting profits and rentals charged or requiring owner occupancy. Notwithstanding such provision as contained in the note and mortgage, the loan shall be reduced to zero only if, prior to or simultaneously with delivery of such note and mortgage, the agency made a written determination that such reduction would be necessary to ensure the continued affordability or economic viability of the housing accommodations assisted by such loan. Such written determination shall document the basis upon which the loan was determined to be eligible for evaporation.

e. In the case of a grant or loan made under this section for the purpose of providing rental housing for persons of low income as defined in section two of the private housing finance law, such loan or grant shall require a regulatory agreement with the agency limiting profits and rentals charged.

f. The repayment of any loan made in accordance with this section shall be made in such manner as may be provided in such note and mortgage in connection with such loan, and may authorize the owner, with the consent of the agency, to prepay the principal of the loan subject to such terms and conditions as therein provided. Such note and mortgage may contain such other terms and conditions not inconsistent with the provisions of this article as the agency may deem necessary or desirable to carrying out the purposes and provisions of this article including, but not limited to, provisions concerning the repayment of the loan, the interest, if any, thereon, and other charges in connection therewith.

g. For purposes of this article, (i) the term "mortgage" shall include any pledge or assignment of shares or assignment of a proprietary lease in a cooperative housing corporation where such pledge or assignment is

intended as security for the performance of an obligation and which imposes a lien on or affects title to such shares or such proprietary lease; and (ii) the term "owner" shall mean an individual, partnership, corporation or other entity, including a non-profit company, a mutual company, or a housing development fund company, having record or beneficial title in fee simple to real property or the lessee thereof under a lease having a term of at least forty-nine years.

2. Notwithstanding the provisions of, or any regulation promulgated pursuant to, the emergency housing rent control law, the local emergency housing rent control act, the emergency tenant protection act of nineteen seventy-four, and/or any local law enacted pursuant thereto, upon completion of the rehabilitation of any building used primarily for residential purposes, which is aided by a loan made by a municipality pursuant to subdivision one of this section in a jurisdiction in which rents are regulated pursuant to any of the above laws or acts, the agency shall establish the initial rent for each rental dwelling unit within the building. All dwelling units within such building subsequent to establishment of initial rents by the agency shall be subject to the emergency housing rent control law, the local emergency housing rent control act, the emergency tenant protection act of nineteen seventy-four, and/or any local law enacted pursuant thereto, if applicable in the municipality, but only if such laws and/or acts would otherwise apply to such dwelling units. The tenants in occupancy of such dwelling units in such a building that are regulated pursuant to such laws and/or acts shall be offered a choice of a one-year or two-year lease at the initial rent established by the agency, notwithstanding any contrary provisions of, or regulations adopted pursuant to, such laws and/or acts. The agency shall cause all tenants in occupancy of each dwelling unit affected by this subdivision to be notified of and have an opportunity to comment upon the contemplated rehabilitation. Such notification shall advise such tenants of the approximate expected rent increase and the subsequent availability of a one- or two-year lease. Such notification and opportunity to comment shall be provided prior to commencement of the rehabilitation and again after its completion before establishment of the initial rents.

3. The agency shall use its best efforts to ensure that actions undertaken pursuant to subdivision two of this section are structured so as to minimize the likelihood of any involuntary economic displacement of tenants who reside in multiple dwellings which are the subject of such actions, provided, however, that if temporary physical displacement is required as a direct result of rehabilitation work which is performed in a multiple dwelling which is aided by a loan made by a municipality pursuant to subdivision one of this section, suitable temporary relocation arrangements shall be provided.

* NB Effective until July 1, 2027

* § 696-a. Loans. Notwithstanding the provisions of any general, special or local law, an agency is hereby authorized to make or contract to make grants or loans to the owner of any property that is part of an urban development action area project for the purpose of: (i) rehabilitation of an existing private or multiple dwelling or construction of a new private or multiple dwelling, (ii) providing site improvements, incidental or appurtenant to such rehabilitation or such construction, within the urban development action area in which the urban development action area project is located, including, but not limited to, water and sewer facilities, sidewalks, landscaping, parks and open space, social, recreational, communal and other non-residential facilities and the outfitting thereof, the curing of problems caused by abnormal site conditions, excavation and construction of footings and foundations and other improvements associated with the provision of infrastructure, or (iii) providing for other costs of construction for the development of private and multiple dwelling housing accommodations. In the case of a grant made under this section for the rehabilitation of an existing multiple dwelling intended to be converted to a condominium or cooperative form of ownership or for the development of one to four unit housing accommodations or a condominium or cooperative housing corporation, such grant shall require a regulatory agreement with the agency limiting profits. Any loan made in accordance with this section shall be secured by a note and mortgage upon the property improved, other than any such property title to which is held by the municipality, or, in the case of a condominium, a note and mortgage upon each of the condominium units aided by such loan, or in the case of a cooperative housing corporation, a note and mortgage upon the economic interest in

such corporation of each tenant-shareholder aided by such loan, or upon the property improved, other than any such property title to which is held by the municipality, or upon both such economic interest or property; provided, however, that all or part of any such loan may be unsecured if necessary to satisfy the requirements of any participating lender. Such loan shall be repaid over such period as the agency shall determine. In the case of a loan for rehabilitation of an existing multiple dwelling intended to be converted to a condominium or cooperative form of ownership or a loan for the provision of infrastructure or for the provision of other costs of construction for the development of one to four unit housing accommodations or a condominium or cooperative housing corporation, such note and mortgage may provide that the loan shall automatically be reduced to zero over a period of owner-occupancy of the housing accommodations assisted by such loan. In the case of a grant or loan made under this section for the purpose of providing rental housing for persons of low income as defined in section two of the private housing finance law, such loan or grant shall require a regulatory agreement with the agency limiting profits and rentals charged. In the case of a loan made under this section for the purpose of providing rental housing for persons of low income as defined in section two of the private housing finance law, such note and mortgage may provide that the loan shall automatically be reduced to zero over a period of up to thirty years of compliance by the owner with a regulatory agreement with the agency limiting profits and rentals charged. The repayment of any loan made in accordance with this section shall be made in such manner as may be provided in such note and mortgage in connection with such loan, and may authorize the owner, with the consent of the agency, to prepay the principal of the loan subject to such terms and conditions as therein provided. Such note and mortgage may contain such other terms and conditions not inconsistent with the provisions of this article as the agency may deem necessary or desirable to carrying out the purposes and provisions of this article including, but not limited to, provisions concerning the repayment of the loan, the interest, if any, thereon, and other charges in connection therewith. For purposes of this article, (1) the term "mortgage" shall include any pledge or assignment of shares or assignment of a proprietary lease in a cooperative housing corporation where such pledge or assignment is

intended as security for the performance of an obligation and which imposes a lien on or affects title to such shares or such proprietary lease; and (2) the term "owner" shall mean an individual, partnership, corporation or other entity, including a non-profit company, a mutual company, or a housing development fund company, having record or beneficial title in fee simple to real property or the lessee thereof under a lease having a term of at least forty-nine years.

* NB Effective July 1, 2027