§ 58. Sale or lease of municipal projects by authorities. 1. An authority, subject to the approval of the local legislative body of the municipality in which such authority has territorial jurisdiction, may sell or lease any municipal project of such authority to any corporation created pursuant to article two of the private housing finance law on a co-operative basis, and an authority may enter into a contract for the sale of or sell or lease a municipal project to such a corporation either prior to, at the date of, or subsequent to the physical completion of such project and, in the event of a sale or lease of any such project prior to the physical completion thereof, the authority may agree to complete and may complete construction and development of such project. No such corporation to which such a municipal project is sold or leased as provided in this section shall pay a dividend on any of its stock or pay interest on any of its income debentures.

2. Any sale or lease of a municipal project by an authority pursuant to subdivision one of this section may be made without public bidding, public sale or public offering pursuant to such negotiated contract, agreement or lease, containing such provisions, limitations, requirements, terms and conditions, as the authority selling or leasing such project, in its discretion, may determine to be necessary or desirable; provided, that, in the event of a sale of a municipal project, the purchase price to be paid to the authority on or prior to date of transfer of title to such project by the authority, or upon the physical completion of such project, shall not be less than the amount required by the authority to pay and retire, or to make provision for the payment and retirement of, all bonds, notes and other obligations issued by the authority to finance the project cost, and to pay or make provision for the payment of all obligations incurred or to be incurred by the authority as part of the project cost.

3. Notwithstanding the provisions of section thirty-three of article two of the private housing finance law, the real property in a municipal project sold or leased as provided in subdivision one of this section, when the transfer thereunder becomes effective, shall be exempt from local and municipal taxes, other than assessments for local improvements, to such extent as may be granted by the local legislative

body of any municipality in which such project is located; provided, however, that any corporation to which such project is so sold or leased shall pay to each municipality in which a project is located, with respect to each such project, local and municipal taxes in amounts not less than the sum or sums contracted to be paid by the authority as a payment in lieu of taxes with respect to such project and which the authority would be obligated to pay to the municipality had it not sold or leased the project to such a corporation. The tax exemption shall operate and continue so long as capital loans of the corporation to which such project shall have been sold or leased are outstanding, but in no event shall such exemption for a municipal project located outside a city of one million or more persons continue for a period of more than thirty years, commencing in each instance from the date on which the benefits of such exemption became available to and effective for such corporation.

Notes, bonds, mortgages and other obligations of such a corporation are declared to be issued for a public purpose and to be public instrumentalities and, together with interest thereon, shall be exempt from tax.

4. The provisions of section thirteen of article two of the private housing finance law requiring the approval by the commissioner of housing of the persons incorporating a limited-profit housing company and the provisions of section fourteen of article two of the private housing finance law requiring the consent of the commissioner of housing to the filing of the certificate of incorporation of such a company in the office of the secretary of state and the amendment thereof shall not apply to a corporation created pursuant to article two of the private housing finance law on a cooperative basis for the purchase or lease of a municipal project pursuant to this section; nor shall any of the provisions of article two of the private housing finance law conferring upon the commissioner of housing any powers in respect of limited-profit housing companies apply to such a corporation. The application of this subdivision shall be limited to corporations undertaking a project with the aid of a municipal loan under article two of the private housing finance law.

5. Any project that received a tax exemption under this section may, upon the expiration of the tax exemption period, be granted an additional tax exemption period of up to fifty years, or until such time as the project is no longer operated under the restrictions and for the purposes set forth in this article, whichever is sooner.