§ 422. Not-for-profit housing companies. 1. (a) Real property owned by a not-for-profit corporation organized pursuant to the not-for-profit corporation law and the provisions of article two of the private housing finance law, used exclusively to provide housing and auxiliary facilities for faculty members, students, employees, nurses, interns, resident physicians, researchers and other personnel and their immediate families in attendance or employed at colleges, universities, educational institutions, child care institutions, hospitals and medical research institutes, or for handicapped or aged persons of low income, or owned by non-profit nursing home companies organized pursuant to the not-for-profit corporation law and the provisions of article twenty-eight-A of the public health law, used exclusively to provide facilities for nursing care to sick, invalid, infirm, disabled or convalescent persons of low income, or to provide health-related service as defined in article twenty-eight of the public health law to persons of low income, or any combination of the foregoing, and in addition thereto, to provide nursing care and health-related service, or either of them, to persons of low income who are not occupants of the project, or owned by housing development fund companies organized pursuant to the not-for-profit corporation law and article eleven of the private housing finance law, used exclusively to provide housing for handicapped or aged persons of low income, and financed by a federally-aided mortgage as defined in said article eleven, or owned by companies organized pursuant to the not-for-profit corporation law and the provisions of article seventy-five of title E of the mental hygiene law, used exclusively to provide care, treatment, training, education and residential accommodations for operation as hostels for people with mental illness or developmental disabilities, or owned by companies organized pursuant to the membership corporations law and the provisions of article seven-A of the private housing finance law, used exclusively to provide programs, services and other facilities for the aging, shall be exempt from taxation and exempt from special ad valorem levies and special assessments to the extent provided in section four hundred ninety of this chapter, provided, however, that in a city having a population of one million or more real property owned by any such corporation which is to provide housing accommodations, substantially all of which are or are to be assisted by rent subsidies made or to be made available by the

Federal government pursuant to a contract under section eight of the United States Housing Act of nineteen hundred thirty-seven, as amended, or pursuant to a project rental assistance contract under section two hundred two of the United States Housing Act of nineteen hundred fifty-nine, as amended, or pursuant to a project rental assistance contract under section eight hundred eleven of the National Affordable Housing Act of nineteen hundred ninety, as amended, shall from and after the commencement of construction be subject to taxation or exempt therefrom to the extent approved by a municipality acting through its local legislative body, as such local legislative body is defined in subdivision twelve of section two of the private housing finance law. No such corporation or company shall pay a dividend on any of its stock or pay interest on any of its debentures. Provided further, however, in a county having a population of one million or more and having not more than three towns within such county, real property owned by housing development fund companies organized pursuant to the not-for-profit corporation law and article eleven of the private housing finance law, used exclusively to provide housing for handicapped or aged persons of low income, and financed by a federally-aided mortgage as defined in said article eleven shall from and after the commencement of construction be subject to taxation or exempt therefrom to the extent approved by a municipality acting through its local legislative body, as such local legislative body is defined in subdivision twelve of section two of the private housing finance law. Any tax payments and/or payments in lieu of taxes made to a municipality pursuant to the preceding sentence shall not be passed through nor become the liability of any of the occupants of such property.

(b) If any portion of such real property of such corporation is not used exclusively for housing of those persons set forth in paragraph a of this section but is leased or otherwise used for purposes pursuant to article two of the private housing finance law, such portion, provided it does not exceed ten per centum of the total, shall be subject to such limited exemption as is authorized pursuant to article two of the private housing finance law, and the remaining portion only shall be fully exempt. If any portion of the real property of such corporation in excess of ten per centum of the total is leased or otherwise used for housing pursuant to article two of the private housing finance law, the

total property shall be subject to such limited exemption as is authorized pursuant to article two of the private housing finance law. Real property exempt from taxation pursuant to this paragraph shall also be exempt from special ad valorem levies and special assessments to the extent provided in section four hundred ninety of this chapter.

(c) In real property used in part for handicapped or aged persons of low income priority and preference in the rental of such real property for purposes not specified in paragraph a shall be given to a family of a person legally responsible for the care of a handicapped or an aged person residing in such real property. This preference and priority shall apply to only one such family for each handicapped or aged tenant.

2. (a) The exemption provided in paragraphs (a) and (b) of subdivision one of this section shall be upon condition that the property owned by such corporation shall upon dissolution vest in such college, university, educational institution, hospital, medical research institute, child care institution, or other not-for-profit corporation, if such college, university, educational institution, hospital, medical research institution, child care institution, or other not-for-profit corporation is exempt from taxation pursuant to the provisions of section four hundred twenty-a or four hundred twenty-b of this article and if no part of the net earnings of such college, university, educational institution, hospital, medical research institute, child care institution, or other not-for-profit corporation shall inure to the benefit of any private individual.

(b) In the event that such college, university, educational institution, hospital, medical research institute, child care institution, or other not-for-profit corporation is not otherwise exempt from taxation, title to the property shall nevertheless vest therein, but only upon payment to the municipality of a sum equal to the total of all accrued taxes, levies and assessments from which such property has been exempt under the provisions of this section.