

The New York City Housing Development Corporation

110 William Street, Suite 3100

New York, New York 10038

“West Side Market—Demolition,” a chiaroscuro wood engraving by John De Pol, A.N.A., of a former market area on Manhattan’s lower west side. The site is included in what became the Washington Street Urban Renewal Area, where the City is carrying out extensive renewal plans.

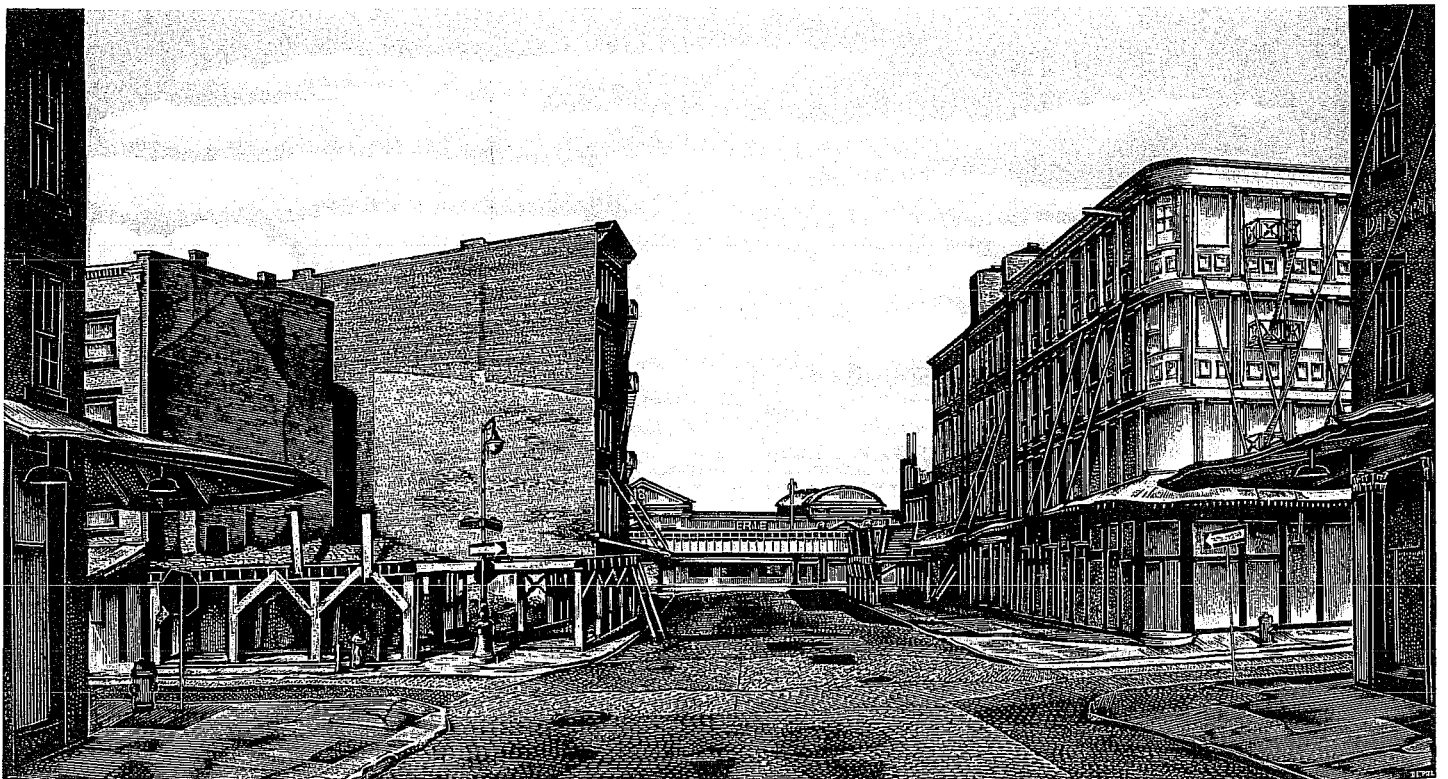


Table of Contents

- 2 Chairman's Report
- 3 Members and Executive Staff
- 5 HDC Housing Finance Program
- 7 HDC Accomplishments
- 10 Summary of Financing
- 11 Report of Independent Accountants and Audited Financial Statements

A report to

Hon. Abraham D. Beame, Mayor

Hon. Harrison J. Goldin, Comptroller

Hon. Melvin N. Lechner, Director of the Budget

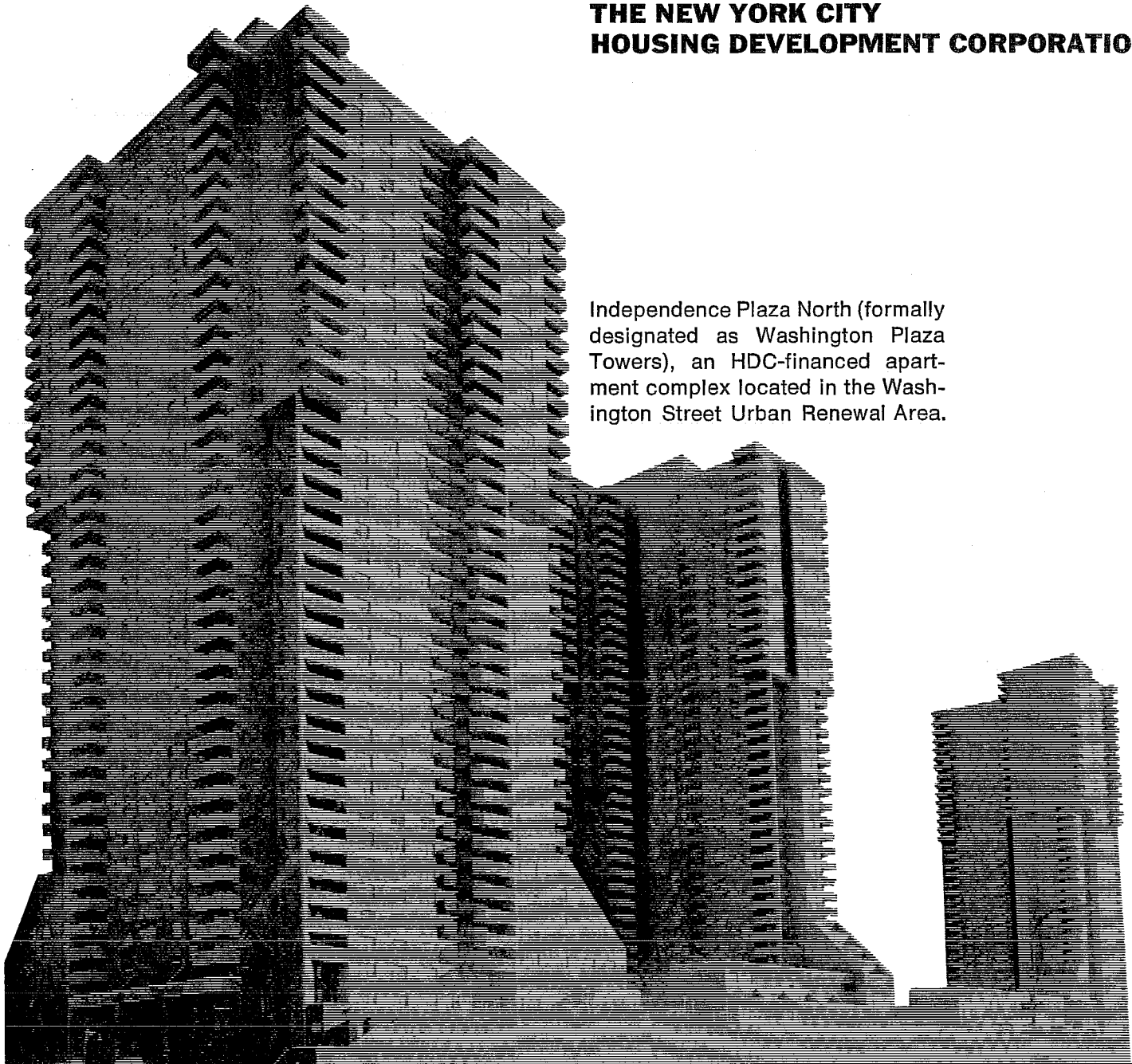
1974 ANNUAL REPORT

November 1, 1973 to October 31, 1974

Submitted by

The Chairman and Members of

**THE NEW YORK CITY
HOUSING DEVELOPMENT CORPORATION**



Independence Plaza North (formally designated as Washington Plaza Towers), an HDC-financed apartment complex located in the Washington Street Urban Renewal Area.

CHAIRMAN'S REPORT

Last year, in the face of rising financing costs and the tight restrictions that still exist on Federal housing subsidy funds, the New York City Housing Development Corporation provided financing to add 948 units to New York City's low and moderate-income housing. An issue of one year bond anticipation notes, at an attractive net interest cost of 4.73%, provided funds for the mortgages of Knickerbocker Plaza, in the Ruppert Brewery Urban Renewal Area, and North Waterside, which completes the innovative Waterside complex that extends out over the waters of the East River. Federal Section 236 interest reduction subsidy contracts were obtained from HUD for both projects.

In providing this financing, the Corporation was doing what it had been created to do: financing low and moderate-income housing in New York City and thus freeing City funds for use elsewhere in its housing pipeline. But in the bleak conditions of the past year, the Members perceived that this was not enough. HDC, in order to continue to carry out its mandate, must also actively work for new programs and for changes in State and Federal legislation. It was imperative to improve the opportunities for new construction and for the financing of moderate-income housing; without help from the State and Federal governments, neither of these was possible any longer.

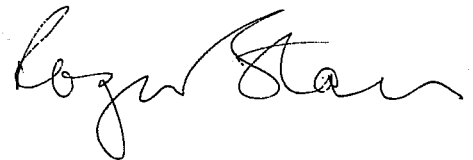
Accordingly, the Corporation has been cooperating with the New York City Housing and Development Administration to develop a new and creative housing program to promote the ownership of three-family

homes in the City. Legislation to implement the program has been drafted for introduction in the next session of the New York State Legislature.

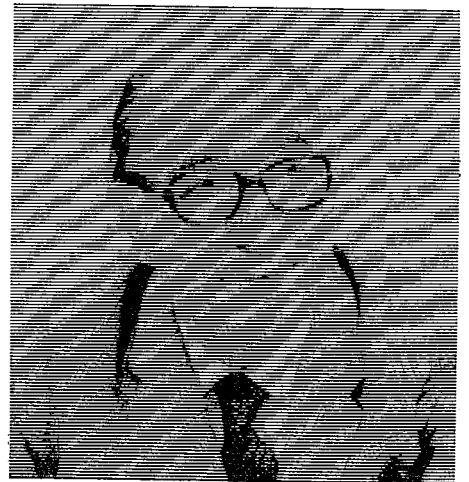
HDC has also involved itself in the development of the new Federal Housing and Community Development Act of 1974 and the regulations that will govern its implementation. When the bill was being drafted, the Housing Assistance Payments program, under which almost all new Federally assisted housing will be built, contained several provisions that would have made it unworkable in such high-cost areas as New York City. Chief among these was a 20-year limit for housing assistance payments contracts. HDC, in company with HDA and other concerned agencies, succeeded in persuading Congress to extend the term of the payments to 40 years when the project is financed by a state or local financing agency. This one provision, more than any other, will make it possible for New York to take advantage of the subsidy money available under the Act.

HDC has demonstrated in the past its share in the City's commitment to strengthen the downtown financial district; the 1330-unit Independence Plaza project in the Washington Street Urban Renewal Area is now nearing completion, and will provide walk-to-work housing for the Wall Street area. This year, the Corporation also made a conditional reservation of \$100,000,000 to finance a development of 1400 units in Manhattan Landing.

In carrying on all these activities, the Corporation has operated entirely on its own revenues, and has not called upon the City or the State for financial assistance of any kind. Thus solidly based, it will be in a position in the coming year to take full advantage of the provisions in the new Housing and Community Development Act that it helped to form.



Roger Starr
Chairman
December 17, 1974



Roger Starr
Chairman and Member ex officio.

Mr. Starr is Administrator of the New York City Housing and Development Administration. For fifteen years he was executive director of the Citizens Housing and Planning Council, a civic organization which works to stimulate better housing and more effective planning in New York City. He has also served as chairman of the City's Rent Guidelines Board. Mr. Starr is an active writer and teacher in the field of urban affairs.

MEMBERS AND EXECUTIVE STAFF

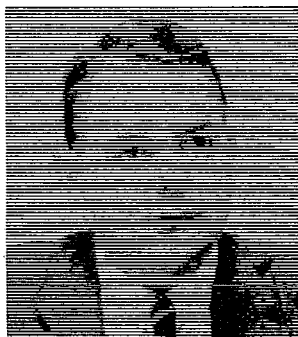
The Corporation consists of the Administrator of the Housing and Development Administration of The City of New York (who is designated by the New York City Housing

Development Corporation Act as Chairman of the Corporation), the Director of the Budget of The City of New York and the Finance Administrator of The City of New York, serv-

ing ex officio, and four public members, two appointed by the Mayor and two appointed by the Governor. No fewer than four members may act for the Corporation.

Thomas E. Dewey, Jr.
Vice Chairman and Member (term expires December 31, 1976)

Mr. Dewey is a General Partner in the investment banking firm of Kuhn, Loeb & Co. He is also a trustee of Lenox Hill Hospital and of the Harlem Savings Bank.

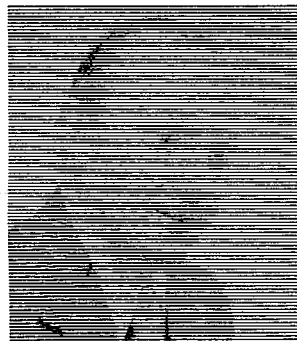
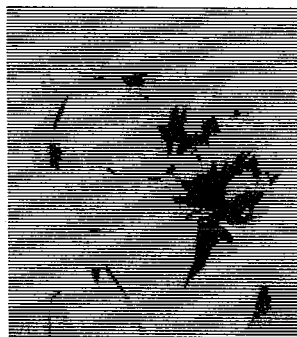


Pazel G. Jackson, Jr.
Member (term expires December 31, 1975)

Mr. Jackson is a Vice President of the Bowery Savings Bank of New York. He was formerly Assistant Commissioner of the New York City Department of Buildings and Chief of Design of the New York World's Fair Corporation.

Mrs. Frederica C. Hein
Member (term expires December 31, 1974)

Mrs. Hein is an attorney and a former partner of Hein, Waters, Klein and Zurkow. A committee member of the Community Services Society, Mrs. Hein has also served as a member of the Board of Visitors of the Creedmoor State Hospital. She is former President of the Queens Womens Bar Association and Vice President of the International Federation of Women Lawyers.

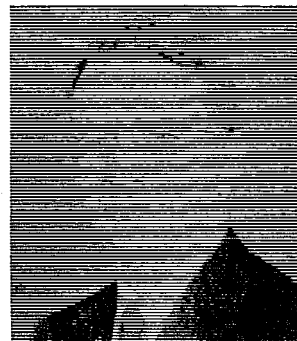
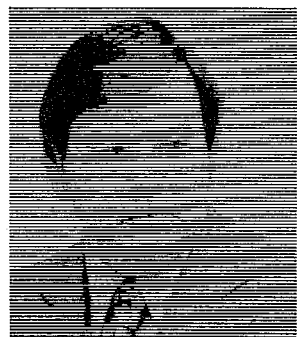


Melvin N. Lechner
Member ex officio

Mr. Lechner is Budget Director of The City of New York. A certified public accountant, he was associated for six years with the accounting firm of Arthur Andersen & Co. Prior to his appointment as Budget Director, Mr. Lechner served as the City's Deputy Comptroller.

Ivan E. Irizarry
Member ex officio

Mr. Irizarry is at present the Finance Administrator of The City of New York. He was formerly Executive Director for the Continental and Foreign Operations Branch, Economic Development Administration of Puerto Rico, and has more than fifteen years of experience in economic development, banking, and government service.



J. Lee Rankin
Member (serving pursuant to law)

Mr. Rankin, an attorney, is a former Corporation Counsel of The City of New York, former Solicitor General of the United States, and former Assistant Attorney General, Office of Legal Counsel, of the United States.

Edward R. Levy
Executive Director

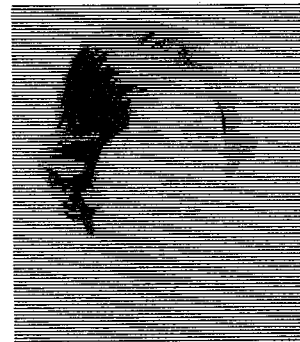
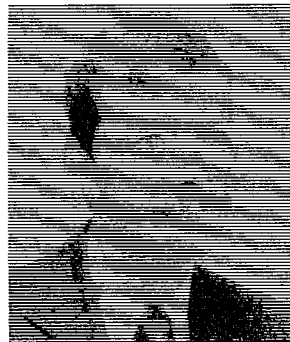
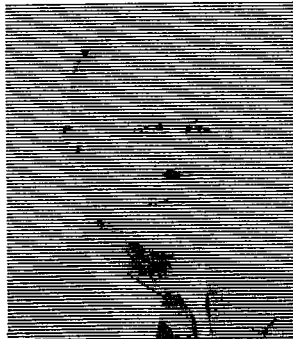
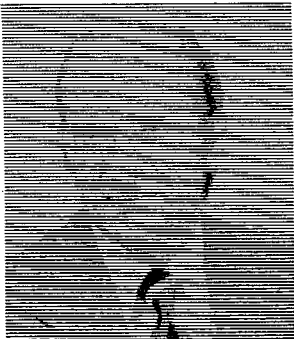
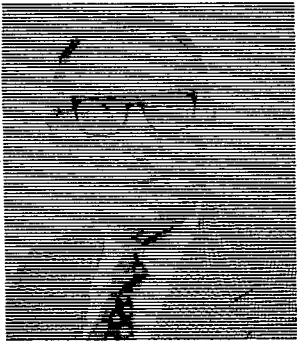
Mr. Levy is an attorney with extensive experience in housing. He has been the First Deputy Commissioner, Department of Development of the New York City Housing and Development Administration, Assistant Commissioner of the New York State Division of Housing and Community Renewal, Assistant Director of the New York State Housing Finance Agency, and Assistant to the Chairman and Secretary of the Battery Park City Authority.

Roger C. Simons
General Counsel and Secretary

Mr. Simons, an attorney and previously Assistant Counsel of the Corporation, is experienced in both the public and private sectors of the real estate and construction fields. Prior to his association with the Corporation, he served as Senior Attorney with the Department of Development of the New York City Housing and Development Administration and had been Vice President and General Counsel of a major eastern developer.

John L. Warren
Treasurer

Mr. Warren is a certified public accountant. He was formerly the Director of Finance for the City of New Rochelle, New York, Accounting Executive of the County of Nassau, New York, and Comptroller of the Incorporated Village of Rockville Centre, New York.



Harold Kuplesky
*Director of
Housing Analysis*

William E. Ennis
Mortgage Loan Officer

Daniel P. Treanor
Assistant Treasurer

Emily Maltby
Assistant Counsel

Need Since the enactment of New York State's Limited Profit Housing Companies Law in 1955, The City of New York has expended over one billion dollars in financing limited-profit housing projects. However, another billion dollars' worth of projects now on the drawing boards will require financing. So vast a pipeline imposed a strain on the City's capital funds, upon which there are many other claims in addition to housing. Hence, HDC was created as a supplementary and alternative means of supplying mortgage money for housing projects.

Powers The Corporation is authorized by its enabling Act to make loans for either new construction or rehabilitation. It may make mortgage loans to housing companies for construction of new housing or rehabilitation in accordance with the provisions of Article II (the Mitchell-Lama program) of the Private Housing Finance Law, or rehabilitation loans to owners of existing multiple dwellings, pursuant to Article VIII of the same Law. In both cases, the purpose must be to provide housing to persons and families whose need for safe and sanitary housing is not being met in New York City by unassisted private enterprise. The maximum income of persons and families occupying such housing, the rentals or carrying charges payable, and the profit of housing companies are determined and regulated by law.

Authorization HDC has been authorized by the New York State Legislature to sell notes and bonds up to a total of \$800,000,000. Not more than \$200,000,000 of this total may be used for rehabilitation under Article VIII and not more than \$100,000,000 for financing projects jointly with conventional lending institutions.

HDC has the option of either financing new projects in the City's housing pipeline or refinancing projects that have already received mortgage loans from the City or from conventional sources. It can initially sell either notes or bonds to finance the projects.

Security for bonds The primary source of funds for the payment of the debt service on the Corporation's bonds is the payments made by the mortgagors of the projects financed by the Corporation. These payments include principal, interest, mortgage origination fees, and annual service charges.

A secondary source of revenue for payment of debt service on the Corporation's bonds is investment income or earnings from the General Reserve Fund, the Capital Reserve Fund, and various other funds and accounts established under the General Bond Resolution.

Thirdly, the General Bond Resolution provides for the establishment of a General Reserve Fund not to exceed 2% of the outstanding bonds. Investment income, fees, and charges in excess of the Corporation's operating requirements may flow into the General Reserve Fund and become available to meet debt service if required.

As the ultimate security, there is the statutorily required Capital Reserve Fund. This Fund is made up of the maximum annual debt service for each issue of the Corporation's bonds and must be funded from the proceeds of each bond issue, if not provided from another source. If, for any reason, this Capital Reserve Fund should fall below its requirement, then the Chairman of the Corporation must certify that fact to the Mayor and Director of the Budget of The City of New York. If the City fails or is unable to restore the Capital Reserve Fund to the minimum requirement, either from budgetary funds or from borrowings as authorized by the Corporation's enabling Statute, then the Chairman must so certify to the State Comptroller, who is then required to pay to the Corporation the amount necessary to restore the Fund to its required level. The Comptroller is to make this payment out of the first monies available from the next payment of unallocated per capita State aid to the City. (The only prior claimant to this money is the City University Construction Fund, and there is every reason to believe that State aid would be more than adequate for both purposes.) Any such payment would be a non-interest bearing loan from the City to the Corporation.

All of the foregoing are secured by a pledge of the mortgages, revenues, other monies, securities, funds and accounts of the Corporation to the bondholders.

Rent covenant To ensure the continued financial viability of the project mortgages it finances, the Corporation is empowered to vary the rentals charged. Whenever it finds that the maximum rentals being charged are not sufficient to meet the mortgagor's necessary payments of all expenses (including fixed charges, sinking funds, reserves, and dividends), the Corporation will request the mortgagor to apply to the New York City Housing and Development Administration for permission to vary the rentals so as to secure sufficient income. If the mortgagor does not do so within thirty days, the Corporation will request HDA to take action upon its own motion to vary the rental rate. If HDA fails to do so within sixty days, the Corporation will vary the rental rate itself. However, in cases where projects benefited from any Federal housing program of financial assistance, such rental increases would of course be subject to the approval of the U.S. Department of Housing and Urban Development.

HDC notes and bonds as legal investments Under the provisions of Section 662 of the New York City Housing Development Corporation Act, HDC notes and bonds are made securities in which all of the following may properly and legally invest funds, including capital in their control or belonging to them: all public officers and bodies of the State of New York and all municipalities and municipal subdivisions of the State; all insurance compa-

nies and associations and other persons carrying on an insurance business; all banks, bankers, trust companies, savings banks, and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business; administrators, guardians, executors, other fiduciaries; and all other persons whatsoever who are now, or may hereafter be, authorized to invest in bonds or in other obligations of the State. The notes and bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State and municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

Tax exemption In the opinion of Bond Counsel, the interest on HDC notes and bonds is exempt from (i) Federal income taxes under the existing statute and the ruling issued by the Internal Revenue Service and (ii) New York State and New York City income taxes; except that Bond Counsel expresses no opinion as to the exemption from Federal income taxes of such interest for any period during which any bond or note is held by a person who, within the meaning of Sec. 103 (c) (7) of the Internal Revenue Code of 1954, as amended, is a substantial user of the facilities with respect to which proceeds of the notes or bonds were used or a related person.

pendence Plaza North and Ruppert Towers were partially occupied and renting had begun at Yorkville Towers; all three were nearing completion. Waterside was largely occupied.

Above all, the Corporation completed its third year financially sound in all respects. HDC has con-

tinued to live within its budget; operating expenses have consistently remained below the levels provided for, and all income to cover the expenses was derived solely from the Corporation's own revenues. Careful supervision of the management policies of financed projects has ensured their continued viability. A

substantial accretion to the General Reserve Fund is reflected in the accompanying financial statements; and the Chairman had the pleasure of reporting to the Mayor and Budget Director that there had been no need to call upon City or State funds to maintain the Capital Reserve Fund at its required level.

Summary of Financing, Fiscal Year 1974

The proceeds of the Series I Housing Notes were used to finance virtually all of the balance of the mortgage loan commitment for the Waterside project. Initial financing for the Waterside project in the amount of \$52,208,100 had been provided through the sale of Series

A Bonds. The proceeds of the Series II Housing Notes were used to initiate the financing of the North Waterside and Knickerbocker Plaza projects. The following table summarizes the distribution of the proceeds of the Series I and II Housing Notes.

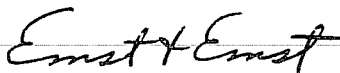
<i>Project</i>	<i>Mortgage Loan Commitment</i>	<i>Mortgage Loan Commitment Financed by Previous Obligations</i>	<i>Mortgage Loan Commitment Financed by Series I & II Housing Notes</i>	<i>Percentage of Mortgage Loan Financed</i>
Waterside	\$61,577,000	\$52,208,100	\$ 9,000,000	99.4%
North Waterside	\$12,859,300		11,594,000	90.2%
Knickerbocker Plaza	\$24,844,100		22,406,000	90.2%
Totals	\$99,280,400	\$52,208,100	\$43,000,000	

REPORT OF INDEPENDENT ACCOUNTANTS

To the Members of the
New York City Housing
Development Corporation

We have examined the financial statements of New York City Housing Development Corporation for the years ended October 31, 1974 and 1973. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of assets and liabilities, changes in restricted fund balance, administrative revenues and expenses and changes in general reserve fund—available for future expenses, and sources and uses of cash present fairly the financial position of New York City Housing Development Corporation at October 31, 1974 and 1973, and the changes in restricted fund balance, administrative revenues and expenses and changes in general reserve fund—available for future expenses, and sources and uses of cash for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



New York, N.Y.
December 9, 1974

STATEMENT OF ASSETS AND LIABILITIES

	<i>October 31</i>	
	1974	1973
Assets—Note E:		
Mortgage loans—Notes B and C	\$247,410,747	\$170,474,529
Receivable from mortgagors for:		
Accrued interest	1,521,455	61,812
Reimbursement of expenses	3,607	
Cash and securities held for designated purposes—Notes A, B and D:		
Project Mortgage Loan Accounts	36,624,682	58,891,843
Capitalized Interest Accounts		6,416,138
Capital Reserve Fund	16,352,846	16,269,007
Debt Service Fund		522,228
	<u>52,977,528</u>	<u>82,099,216</u>
Amount transferred to paying agents in advance	7,810,022	5,951,299
Held for operations:		
Cash	123,573	170,626
Securities—Notes B and D	4,256,749	2,528,454
	<u>4,380,322</u>	<u>2,699,080</u>
Office equipment, less allowance for depreciation of \$13,015 (1974) and \$7,719 (1973)	12,678	17,974
	<u>\$314,116,359</u>	<u>\$261,303,910</u>
Liabilities		
General Housing Bonds—Note E	\$247,070,000	\$247,375,000
Housing Notes—Note E	43,000,000	
Accrued interest payable on bonds	7,575,022	6,035,377
Accrued interest payable on notes	1,521,455	
Accounts payable and other accrued expenses	184,880	110,333
Received in advance from mortgagors:		
Principal and interest	591,246	769,131
Fees and charges	14,565	14,565
Debt service deposits	76,453	76,453
Fund balances:		
Restricted—Note B:		
Capital reserves	409,228	247,851
Mortgage loans	<u>10,151,472</u>	<u>4,661,091</u>
	10,560,700	4,908,942
General Reserve Fund—available for future expenses—Note A	3,522,038	2,014,109
	<u>14,082,738</u>	<u>6,923,051</u>
Commitments—Note G		
	<u>\$314,116,359</u>	<u>\$261,303,910</u>

See notes to financial statements.

STATEMENT OF CHANGES IN RESTRICTED FUND BALANCE

	<i>Year Ended October 31</i>	
	1974	1973
Revenues		
Interest on mortgage loans—Note B	\$16,750,907	\$10,720,643
Fees and charges	603,395	809,571
Earnings on investments	6,917,351	4,755,947
	<u>24,271,653</u>	<u>16,286,161</u>
Expenses		
Interest on General Housing Bonds—Note E ...	15,151,915	10,642,378
Interest on Housing Notes—Note E	1,506,252	
Transfers to General Reserve Fund—available for future expenses	1,867,118	1,600,660
	<u>18,525,285</u>	<u>12,243,038</u>
Increase in restricted fund balance	5,746,368	4,043,123
Restricted fund balance at beginning of year ..	4,908,942	865,819
	<u>10,655,310</u>	<u>4,908,942</u>
Distribution of earnings on investments in Project Mortgage Loan Accounts to mortgagors	94,610	
Restricted fund balance at end of year ..	<u>\$10,560,700</u>	<u>\$ 4,908,942</u>

See notes to financial statements.

STATEMENT OF ADMINISTRATIVE REVENUES AND EXPENSES AND CHANGES IN GENERAL RESERVE FUND—AVAILABLE FOR FUTURE EXPENSES

	<i>Year Ended October 31</i>	
	1974	1973
Revenues		
Transfers from Restricted Funds	\$1,867,118	\$1,600,660
Earnings on investments	204,268	135,438
	<u>2,071,386</u>	<u>1,736,098</u>
Expenses		
Salaries and related expenses	301,913	368,504
Rent	55,376	53,148
Fees and expenses of the Trustee, Depository and Paying Agent	34,052	20,048
Services of New York City Housing and Development Administration	126,900	69,175
Other administrative and operating expenses	45,216	40,669
	<u>563,457</u>	<u>551,544</u>
Excess of revenues over expenses	1,507,929	1,184,554
General Reserve Fund—available for future expenses at beginning of year	<u>2,014,109</u>	<u>829,555</u>
General Reserve Fund—available for future expenses at end of year	<u>\$3,522,038</u>	<u>\$2,014,109</u>

See notes to financial statements.

STATEMENT OF SOURCES AND USES OF CASH

Year Ended October 31
1974 1973

Sources:

Proceeds from sale of bonds:

Face amount		\$114,440,000
Less discount charged to mortgage loans		<u>1,838,200</u>

		112,601,800
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Plus accrued interest to date of delivery		<u>1,120,516</u>
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		<u>113,722,316</u>
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Proceeds from sale of housing notes,

including premium	\$ 43,015,203	
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Proceeds from investments:

Cost to the Corporation	1,942,944,884	630,781,505
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Earnings	7,278,946	4,988,086
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Received from mortgagors:

Interest	8,624,209	3,854,075
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Principal	315,833	346,318
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Fees and charges

	603,395	824,136
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Reimbursement of financing expenses by

mortgagors	108,647	394,833
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Debt service deposits

		76,453
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Interest on debt service deposits

	4,323	1,715
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Total Sources	<u>2,002,895,440</u>	<u>754,989,437</u>
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Uses:

Mortgage loans	70,762,880	116,037,362
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Interest and principal payments on bonds ..	7,965,970	5,792,517
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Amounts transferred to Paying Agents for

principal and interest on bonds	7,810,023	5,951,299
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Purchase of investments	1,916,274,945	625,844,244
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Distribution of earnings on investments to

mortgagors	94,610	
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Operating expenses	595,869	441,320
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Bond sale expenses reimbursable from

mortgagors		394,833
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Purchase of office equipment		2,244
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Distribution of interest on debt service

deposits to mortgagors	4,323	1,715
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Total Uses	<u>2,003,508,620</u>	<u>754,465,534</u>
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Excess of Sources (Uses)	(613,180)	523,903
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Cash balance at beginning of year	753,152	229,249
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Cash balance at end of year	<u>\$ 139,972</u>	<u>\$ 753,152</u>
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Cash balance was:

Held for designated purposes	\$ 16,399	\$ 582,526
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Held for operations	123,573	170,626
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	<u>\$ 139,972</u>	<u>\$ 753,152</u>
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Note A—Organization

New York City Housing Development Corporation is a corporate governmental agency, constituting a public benefit corporation of the State of New York, established under the provisions of Article XII of the Private Housing Finance Law (the Act). The Corporation and its corporate existence are to be continued at least as long as bonds, notes or other obligations of the Corporation shall be outstanding.

The Corporation was created to encourage the investment of private capital and provide safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise, through provision for low interest mortgage loans.

The following accounts and funds have been established in accordance with the Corporation's General Housing Bond Resolution:

Project Mortgage Loan Accounts

Project Mortgage Loan Accounts are established for each project for which bonds and/or notes are sold. The allocated proceeds of bonds or notes sold for each project are deposited in the respective project mortgage loan account, from which advances are made to mortgagors.

Capitalized Interest Accounts

The allocated proceeds of bonds sold for certain projects are deposited in the Capitalized Interest Accounts and are used to pay interest during the period of construction, and for a period not to exceed one year after completion.

Revenue Fund

All revenues collected by the Corporation are deposited in the Revenue Fund. Such revenues are applied for the uses and purposes for which such revenues are pledged by the Corporation's General Housing Bond Resolution.

Operating Fund

Cash is deposited in the Operating Fund from the proceeds of the sale of bonds, or notes if any, as provided by the Corporation and from the Revenue Fund and General

Reserve Fund pursuant to the General Housing Bond Resolution. Monies at any time held for the credit of the Operating Fund shall be used for and applied solely to pay operating expenses of the Corporation.

Debt Service Fund

The Debt Service Fund is used solely for the purpose of paying the principal or redemption price of and interest on the Corporation's bonds.

Capital Reserve Fund

The Capital Reserve Fund (\$16,099,420 exclusive of accrued interest) was established as additional security for bondholders pursuant to the General Housing Bond Resolution in accordance with the requirements of the Act. The Act provides that the Corporation will maintain the Capital Reserve Fund requirement, which is an amount equal to the greatest annual debt service requirement for any fiscal year of the Corporation. If, for any reason, the Capital Reserve Fund should fall below its requirement, the Chairman of the Corporation must certify that fact to the Mayor and Director of the Budget of the City of New York. If the City fails to or is unable to restore the Capital Reserve Fund to the minimum requirement, then the Chairman must so certify to the State Comptroller, who must in response pay to the Corporation the amount necessary to restore the Fund to its required level. The Comptroller is to make this payment out of the first monies available from the next payment of Unallocated Per Capita State Aid to the City. (The only prior claimant to this money is the City University Construction Fund.) Any such payment would be considered a non-interest bearing loan from the City to the Corporation.

General Reserve Fund

A General Reserve Fund, not in excess of 2% of outstanding bonds may be maintained by the Corporation and is available for any corporate purpose as provided in the General Housing Bond Resolution.

Note B—Summary of Significant Accounting Policies**Mortgage Loans**

Bond interest expense incurred (\$6,410,800—1974; \$7,439,304—1973), prior to receipt of the initial mortgage loan amortization payment is added to mortgage loans, as are discounts from face amount of bonds sold.

Restricted Fund Balances

Capital reserves: The interest charged on mortgage loans is increased to an amount in excess of interest on related bonds to generate sufficient revenues to amortize the bond principal used to establish the Capital Reserve Fund. At October 31, 1974 and 1973, this excess amounted to \$155,803 and \$78,264, respectively. The fund balance also includes interest earned in the Capital Reserve Fund, which can be transferred to General Reserve Funds—available for operations or other corporate purposes to the extent not required to maintain the Capital Reserve Fund requirement.

Mortgage loans: This account results from interest earned on related securities. Such interest may be distributed at the discretion of the Corporation to mortgagors or be used to reduce the total mortgage commitment to the applicable project. On November 1, 1974 the Corporation distributed approximately \$3,600,000 to two mortgagors.

Securities

Securities of the Corporation, which are normally held to maturity, are carried at cost plus accrued interest.

Note C—Mortgage Loans

The General Housing Bond Resolution requires among other things that, as to mortgage loans which are financed from the proceeds of bonds: (a) the mortgage shall create a first mortgage lien on the real property of each project; (b) the amount of the mortgage loan shall not exceed the project cost or any other limitation prescribed by law.

See Table C for details of mortgage loans and commitments.

**Table A—
Bond Indebtedness**

	<i>Original Face Amount</i>	<i>Balance November 1, 1973</i>	<i>Retired</i>	<i>Balance October 31, 1974</i>
3.75% to 6.50%—General Housing Bonds, 1972 Series A, maturing in varying annual installments on May 1 to 2022	\$133,000,000	\$132,935,000	\$ 70,000	\$132,865,000
3.50% to 7.00%—General Housing Bonds, 1972 Series B, maturing in varying annual installments on November 1 to 2022 ..	51,640,000	51,640,000	225,000	51,415,000
5.70% to 7.00%—General Housing Bonds, 1973 Series C, maturing in varying annual installments on May 1 to 2023	62,800,000	62,800,000	10,000	62,790,000
	<u>\$247,440,000</u>	<u>\$247,375,000</u>	<u>\$305,000</u>	<u>\$247,070,000</u>

**Table B—
Debt Service Requirements**

	<i>Amortization of Principal</i>	<i>Interest Expense</i>	<i>Total Debt Service Requirements</i>
Year Ending October 31:			
1975	\$ 315,000	\$ 15,145,345	\$ 15,460,345
1976	960,000	15,131,413	16,091,413
1977	1,020,000	15,079,420	16,099,420
1978	1,070,000	15,022,531	16,092,531
1979	1,135,000	14,961,070	16,096,070
Five Years Ending October 31:			
1984	6,750,000	73,707,496	80,457,496
1989	9,110,000	71,333,457	80,443,457
1994	12,435,000	67,988,492	80,423,492
1999	16,780,000	63,604,362	80,384,362
2004	22,560,000	57,783,502	80,343,502
2009	30,380,000	49,917,660	80,297,660
2014	40,920,000	39,323,295	80,243,295
2019	55,125,000	25,043,462	80,168,462
2024	48,510,000	6,462,000	54,972,000
	<u>\$247,070,000</u>	<u>\$530,503,505</u>	<u>\$777,573,505</u>

**Table C—
Mortgage Loans and Commitments**

	<i>Total Mortgage Commitment</i>	<i>Mortgage Loan Advances</i>	<i>Remaining Mortgage Loan Commitments</i>		
			<i>To Be Distributed From Previous Debt Offerings</i>	<i>To Be Funded By Future Debt Offerings</i>	<i>Total Remaining Mortgage Commitment</i>
Washington Plaza Towers, Inc.	\$ 63,644,680	\$ 53,175,710	\$ 245,340	\$10,223,630	\$10,468,970
Waterside Housing Co., Inc.	61,577,000	54,345,416	6,862,684	368,900	7,231,584
Linden Plaza Housing Co., Inc.	51,418,000	47,891,632	3,526,368		3,526,368
Yorkville Towers Housing Co., Inc.	35,532,800	26,835,771	5,084,484	3,612,545	8,697,029
Ruppert Towers Housing Co., Inc.	26,823,900	23,493,716	606,133	2,724,051	3,330,184
Ocean Park Housing Co., Inc.	18,265,900	18,265,900			
Knickerbocker Plaza Housing Co., Inc.	24,844,100	14,360,235	8,045,765	2,438,100	10,483,865
North Waterside Redevelopment Co., Inc.	12,859,300	9,491,564	2,102,436	1,265,300	3,367,736
	<u>\$294,965,680</u>	<u>247,859,944</u>	<u>\$26,473,210</u>	<u>\$20,632,526</u>	<u>\$47,105,736</u>
		Less principal repayment	449,197		
			<u>\$247,410,747</u>		

**Table D—
Note Indebtedness**

	<i>Date Issued</i>	<i>Date Due</i>	<i>Rate of Interest</i>	<i>Balance October 31, 1974</i>
Housing notes:				
Series I	2/6/74	2/6/75	4.80%	\$ 9,000,000
Series II	2/6/74	2/6/75	4.74% to 4.80%	34,000,000
				<u>\$43,000,000</u>

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note D—Cash and Securities Held for Designated Purposes and Operations

At October 31, 1974 cash and securities held for designated purposes and operations (including accrued interest of \$382,603 on securities) consisted of the following:

	Cash	Certificates of Deposit	United States Agency Securities	Repurchase Agreements	Total
Held for designated purposes:					
Project Mortgage Loan Accounts . . .	\$ 16,353	\$28,065,901		\$8,542,428	\$36,624,682
Capital Reserve Fund	46		\$15,244,570	1,108,230	16,352,846
	<u>\$ 16,399</u>	<u>\$28,065,901</u>	<u>\$15,244,570</u>	<u>\$9,650,658</u>	<u>\$52,977,528</u>
Held for operations	<u>\$123,573</u>			<u>\$4,256,749</u>	<u>\$ 4,380,322</u>

The market value of certificates of deposits and repurchase agreements approximates cost plus ac-

crued interest and the market value of the United States Agency Securi-

ties was approximately \$13,785,000 at October 31, 1974.

Note E—General Housing Bonds and Housing Notes

The Corporation is authorized to issue bonds and notes for its housing program in an aggregate principal amount not to exceed \$800,000,000 exclusive of refunding bonds or notes.

The bonds and notes are general obligations of the Corporation. Substantially all of the assets of the Corporation are pledged as collateral for the payment of principal and interest on its bond and notes. The bonds, notes and other obligations of the Corporation are not debts of either the State of New York or The City of New York and neither the State nor the City is liable thereon.

Bonds of the Corporation are subject to optional redemption at rates ranging from 103% to 100% for various periods commencing in 1983 (Series C Bond) and 1987 (Series A and B Bonds).

The proceeds of the Housing Notes are used for the interim financing of certain mortgage loans before the issuance of applicable bonds. The Corporation is required to sell such bonds within seven years of the date the notes are issued.

See Tables A, B and D for details of bonds, debt service requirements, and Housing Notes.

Note F—Consultants' Fees

Fees to Clark, Dodge & Co., Incorporated for financial consulting services amounted to \$21,500 for the year ended October 31, 1974. Fees to Roosevelt & Son, Incorporated and to Clark, Dodge, & Co., Incorporated for financial consulting services amounted to \$51,640 and \$55,580, respectively, in 1973. Such fees were reimbursed to the Corporation by the applicable mortgagors. In addition, fees of \$1,440 were paid to Ms. Bertha Hatvary during the year ended October 31, 1974 for services as editorial consultant for the Corporation's annual report.

As of October 15, 1974 the Corporation contracted with Goldman, Sachs & Co. to act as financial consultant to the Corporation. As of October 31, 1974 no fees were earned by this financial consultant.

Note G—Commitments

The Corporation is a participating employer in the New York City Employees' Retirement System, of which substantially all of the employees of the Corporation are members. The Corporation pays its proportionate share of the System's cost (\$47,361—1974; \$44,332—1973).

The Corporation was committed as of October 31, 1974, for mortgage loans of \$47,105,736 for projects to be financed by its General Housing Bonds. See Table C for details of mortgage loans and commitments. The Corporation has indicated an intent to commit \$42,514,500 for various projects.

The Corporation is committed for an annual office rental of \$49,000, plus escalation (\$6,376—1974; \$4,148—1973) through April 29, 1976.

**Table A—
Bond Indebtedness**

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	<u>\$247,440,000</u>	<u>\$247,375,000</u>	<u>\$305,000</u>	<u>\$247,070,000</u>

**Table B—
Debt Service Requirements**

	<i>Amortization of Principal</i>	<i>Interest Expense</i>	<i>Total Debt Service Requirements</i>
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	<u>\$247,070,000</u>	<u>\$530,503,505</u>	<u>\$777,573,505</u>

**Table C—
Mortgage Loans and Commitments**

	<i>Total Mortgage Commitment</i>	<i>Mortgage Loan Advances</i>	<i>Remaining Mortgage Loan Commitments</i>		
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	<u>\$294,965,680</u>	<u>247,859,944</u>	<u>\$26,473,210</u>	<u>\$20,632,526</u>	<u>\$47,105,736</u>
		Less principal repayment	449,197		
			<u>\$247,410,747</u>		

**Table D—
Note Indebtedness**

	<i>Date Issued</i>	<i>Date Due</i>	<i>Rate of Interest</i>	<i>Balance October 31, 1974</i>
Housing notes:				
Series I	2/6/74	2/6/75	4.80%	\$ 9,000,000
Series II	2/6/74	2/6/75	4.74% to 4.80%	34,000,000
				<u>\$43,000,000</u>