NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

ANNUAL REPORT 1981

STATEMENT OF NEED

"1. There continues to exist in the city of New York a seriously inadequate supply of safe and sanitary dwelling accommodations within the financial reach of families and persons of low income. The ordinary operations of private enterprise cannot provide an adequate supply of such accommodations at rentals and carrying charges which families and persons of low income can afford. In order to encourage the investment of private capital and provide such dwelling accommodations, provision should be made for mortgage loans at low interest rates to housing companies which, subject to regulation as to rents, profits, dividends and disposition of their property, supply multiple dwelling accommodations, and other facilities incidental or appurtenant thereto, to such families and persons. For that purpose there should be created a corporate governmental agency, to be known as the 'New York city housing development corporation,' which, through the issuance of its bonds, notes or other obligations to the private investing public, may attract a broad base of investment by the greatest number of the general public and obtain the funds necessary to make or finance the making of such mortgage loans.

2. There also exists in the city of New York a large number of multiple dwellings which are inadequate, unsafe or insanitary and which can be made adequate, safe and sanitary by rehabilitation or other improvement. Such rehabilitation or improvement cannot readily be provided by the ordinary operations of private enterprise without public aid in the form of low interest loans to the owners of such multiple dwellings. In order to encourage the investment of private capital in such rehabilitation and improvement, the agency should also be empowered, through the issuance of its bonds, notes or other obligations to the private investing public, to obtain the funds necessary to make or finance the making of such low interest loans.

The necessity in the public interest for the provisions hereinafter enacted is hereby declared as a matter of legislative determination."

From the New York City Housing Development Corporation Act (Article XII of the Private Housing Finance Law of the State of New York)

COVER:
Construction is underway on L.I.R.A., located at Mott, Spring and Elizabeth Streets in Manhattan. L.I.R.A., a 152-unit rental project to be occupied by low-income tenants, is one of 20 projects which received construction financing from HDC in 1981.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

ANNUAL REPORT 1981

November 1, 1980 to
October 31, 1981

A Report to:

Hon. Edward I. Koch
Mayor
Hon. Harrison J. Goldin
Comptroller
Hon. Alair A. Townsend
Director of Management and Budget

Submitted by:

The Chairman and Members
of the New York City
Housing Development Corporation
75 Maiden Lane, Eighth Floor
New York, New York 10038

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REPORT OF THE CHAIRMAN

The Corporation marked its tenth anniversary in the midst of a particularly difficult year for the housing industry. Housing starts across the nation fell to an annual rate of below 1.1 million, the lowest since 1946. Developers found that workable financing for apartment projects had diminished as a result of record-high interest rates. Traditional lenders, such as savings banks and savings and loan associations, experienced a severe decrease in the amount of funds available for mortgage financing.

In early 1981, however, the Government National Mortgage Association (GNMA) threw a lifeline to developers of FHA-insured Section 8 assisted projects by offering 7.5% permanent financing. Even with this attractive long-term rate, many of the projects were infeasible due to the high cost of financing during the construction period. Consequently, the Department of Housing and Urban Development (HUD) requested that the Corporation structure a financing program to provide construction loans for its GNMA pipeline.

As a result, the Corporation sold $122.8 million of thirty-six and forty-two month notes in January and March, 1981. It is using the proceeds to make construction loans at an interest rate of approximately 11% to twenty projects for the construction or substantial rehabilitation of 2,167 apartments. As the projects are built, the Corporation makes construction loan advances to developers. Upon completion, the mortgage loans are delivered and sold to GNMA by Merrill Lynch Huntoon Paige, Inc., the Corporation's mortgage banker for these note issues. The proceeds are returned to the Corporation and used to pay off the notes when they mature.

The Corporation will continue this program of short-term financing for projects receiving GNMA commitments in 1982.

During the latter part of the 1981 fiscal year, the corporation structured a bond issue for the permanent financing of two developments that have been in temporary financing since 1974. In December, the Corporation issued $35.7 million variable rate annual tender bonds carrying a 44-year term. The proceeds of the bond issue were applied to pay the Corporation's Series XII Housing Notes held by four New York City pension funds. Backed by a commitment from the pension funds to purchase if tendered at par value, on December 1st of each year through 1991, the bonds are expected to trade during the first ten years at a rate equivalent to the rate on comparable one-year tax-exempt notes. The rate on the bonds for the first year is 9%.

The Corporation's staff has been working on a number of programs we hope to bring to fruition in the coming year.

We are seeking to effect an amendment of the HDC Act to include limited loans to lenders authority. This authority would make HDC's tax-exempt financing available to a wider range of projects through its participation with local lending institutions. The first phase of this program would involve the construction financing of New York City Housing Authority Turnkey projects.

Because of historically high

long-term interest rates, the Corporation did not issue bonds in 1981 to provide permanent financing. As the year ended, yields of long-term tax-exempt bonds had risen for seven consecutive weeks, with the 20-year revenue bond index closing the last week of the year at 14.09%. A year previously this rate was 13.30%. We have been actively exploring methods of bond financing that work for Section 8 assisted FHA-insured developments in today's market and under the constraints of the Mortgage Subsidy Bond Tax Act of 1980.

There is no doubt that many obstacles stand in the way of the improvement of the housing supply in the coming year. The ability to overcome these obstacles will require a vigorous effort in the housing finance community. We are prepared to make the effort and look forward to a productive year in 1982.

April 2, 1982

Anthony Gliedman

ANTHONY GLIEDMAN
Chairman

THE CORPORATION'S RECORD

In the early 1970's approximately $1 billion in housing projects required financing in the City of New York. The City, however, had reached the limits of its debt incurring capacity. In June 1971, the New York City Housing Development Corporation was created by an act of the New York State legislature for the purpose of providing the City with a supplementary and alternative vehicle for financing multi-family residential housing. At that time, the Corporation was empowered to issue up to $800 million of tax-exempt obligations. Bonding authority was increased and now stands at $1,300,000,000. As of October 31, 1981, it has issued $985,222,260 in notes and bonds.

Three months after becoming fully operational, on May 22, 1972, the Corporation successfully sold $133 million in bonds. The first phase of the Corporation's General Housing Program thereupon commenced, eventually providing the financing for over 8,000 units of housing between 1972 and 1976. Total obligations issued under this program exceeded $323 million.

In 1976, New York City called upon the Corporation for assistance during a period of fiscal crisis. By refinancing more than half the City's portfolio of middle-income Mitchell-Lama mortgages, HDC, an approved Federal Housing Administration mortgagee, was able to improve the City's cash flow position significantly. The Corporation issued approximately $489 million in tax-exempt bonds between 1977 and 1980 under its 223(f) Refinancing Program.

The Corporation's commitment to upgrade and expand the City's supply of safe and sanitary housing accomodations for low- and moderate-income persons and families took on a new focus in the fall of 1979 when the Corporation implemented a federally insured rental assistance program with the sale of $49,620,000 in bonds to provide construction and permanent mortgage loans. This program continued with the issuance of $122,775,000 in notes during the 1981 fiscal year to provide construction financing for projects that were able to obtain commitments for permanent financing from the Government National Mortgage Association. Over 3,000 dwelling units will be added to the City's supply of rental housing through this latter program.

To date, the Corporation has financed the new construction and substantial rehabilitation of more than 11,000 dwelling units in 36 multi-family housing developments and refinanced more than 28,000 units in another 81 developments.

A more detailed description of the Corporation's programs follows.

CUMULATIVE TOTALS OF NOTES AND BONDS ISSUED

1981	$985,222,260
1980	$862,447,260
1979	$753,472,260
1978	$623,854,160
1977	$392,712,100
1976	$322,853,000
1975	$312,653,000
1974	$290,440,000
1973	$247,440,000
1972	$133,000,000

GENERAL HOUSING PROGRAM

The General Housing Program has provided 8,036 units of housing in eight developments with mortgages funded at $305,571,373. Tax-exempt obligations to finance these projects were issued from 1972 to 1976. These obligations carry annual interest rates ranging from 3.5% to 9.0%.

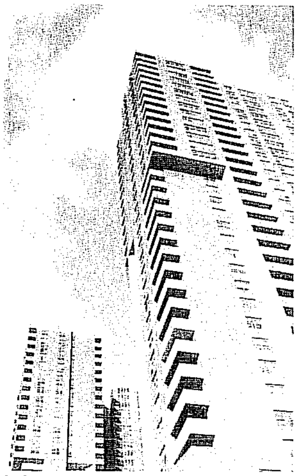
Seven of the developments are new high-rise construction. The eighth project is a rehabilitated garden apartment complex. Five projects receive Federal rental assistance under Section 236 of the National Housing Act. The Corporation receives the subsidy payments directly from HUD in an amount not to exceed the difference in debt service actually being paid and debt service that would be paid at a 1% annual interest rate on the mortgage. All of the mortgage loans in this program are uninsured.

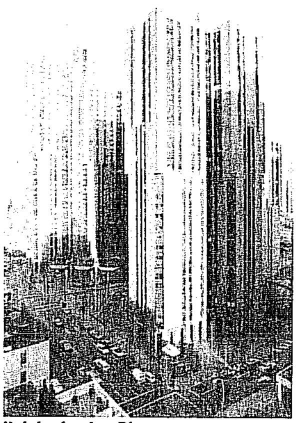
General Housing Program bonds are secured by a pledge of the underlying mortgages and by funds and accounts established under the General Housing Bond Resolution. The ultimate security for the Bonds is the capital reserve fund, authorized by statute. The amount of the fund is equal to the maximum annual debt service for each issue of bonds. Should the fund fall below its requirement and the City be unable to restore it to the minimum level, the State Comptroller must provide the necessary funds from unallocated per capita state aid which would otherwise flow to the City.

All projects in this program were fully occupied and current in debt service payments as of the end of the fiscal year.

PROJECT	UNITS	MORTGAGE COMMITMENT
*Independence Plaza North (Manhattan)	1332	$64,594,680
Waterside (Manhattan)	1100	61,577,000
*Linden Plaza (Brooklyn)	1527	50,351,193
†Yorkville Towers (Manhattan)	1258	62,712,200
*Ocean Park (Queens)	602	18,265,900
*Knickerbocker Plaza (Manhattan)	578	24,844,100
Kew Gardens Hills (Queens)	1269	10,367,000
*North Waterside (Manhattan)	370	12,859,300
TOTALS:	8036	$305,571,373

*Section 236 Subsidized projects   Special facilities for the elderly
†Originally two projects, known as Yorkville Towers and Ruppert Towers


Independence Plaza North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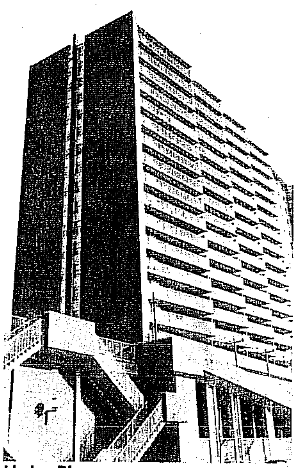
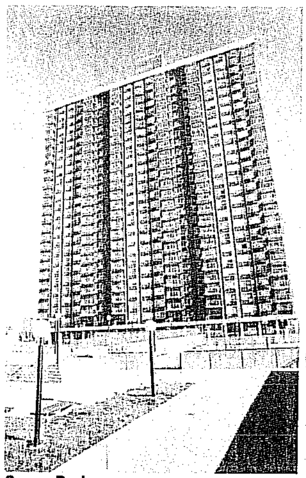
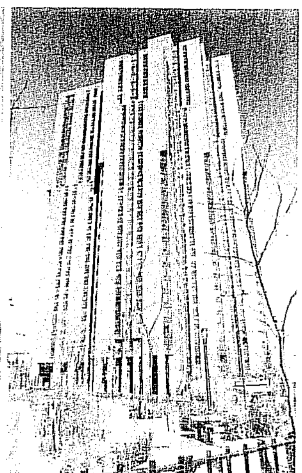
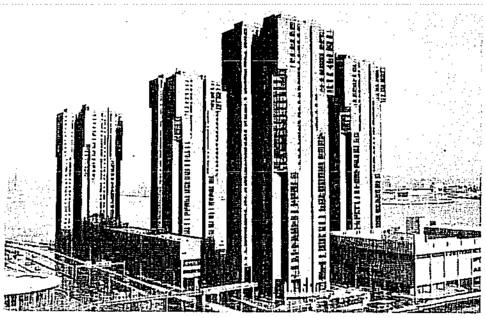

Linden Plaza


Ocean Park


Yorkville Towers


Waterside & North Waterside


Kew Gardens Hills

SECTION 223(f) REFINANCING PROGRAM

Between 1977 and 1980 the Corporation issued $488,859,260 in bonds to refinance the mortgages of 81 Mitchell-Lama housing companies that were in temporary financing when the City of New York found itself lacking the credit to issue long-term obligations. An additional six mortgages, once assigned by the City and federally insured, as described below, were sold by public bid to a savings bank. The net proceeds from the public sale and bond issues were remitted to the City.

The City requested the Corporation to undertake such a substantial refinancing program in its capacity as an FHA-approved mortgagee. Applications were submitted to obtain Federal insurance commitments under Section 207 pursuant to Section 223(f) of the National Housing Act of 1934, as amended. Section 223(f) provides FHA mortgage insurance for the purchase or refinancing of existing multi-family housing projects. Once FHA mortgage commitments were issued and housing company consents obtained, the City's mortgages were then assigned to the Corporation and modified, divided and recast into FHA-insured first mortgages, which secured the Corporation's bonds, and uninsured subordinate mortgages assigned to the City. The program generated approximately $500 million in cash to the City; 29,000 apartments in the five boroughs of the City were involved. The Corporation's major activity under this program today is the servicing of the 81 FHA-insured mortgages with the aid of an on-line in-house computer.

Cadman Plaza North (Brooklyn), Esplanade Gardens (Manhattan) and Albert Einstein Staff Housing (Bronx), 3 of 81 projects refinanced with the proceeds of HDC bonds.

FHA-INSURED SECTION 8 PROGRAM

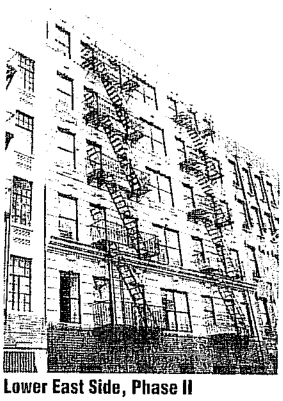
In 1979, the Corporation turned its attention from refinancing existing mortgages to financing new construction and rehabilitated housing. Developments financed under this program are insured under Title II of the National Housing Act, as amended, and receive rental subsidies under Section 8 of the United States Housing Act of 1937, as amended. The security provided by FHA mortgage insurance has enabled the Corporation to obtain an AA rating on its bonds and MIG-1 rating on its notes. The Section 8 subsidy, which makes up the difference between the fair market rent determined by HUD and a regulated portion of the tenant's income, guarantees the economic feasibility of low-income occupancy. The Corporation has offered the following two types of financing under this ongoing program:

PERMANENT MORTGAGE LOANS

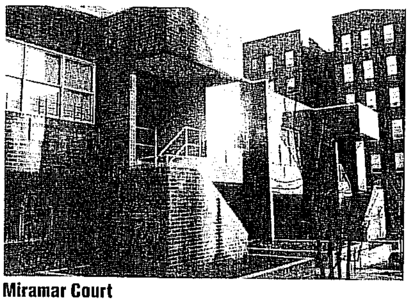
In October 1979, the Corporation issued \$49,620,000 in multifamily mortgage revenue bonds at a net interest rate of 7.45% to provide interim and permanent financing for the rehabilitation and new construction of 1,024 apartments. The eight projects in this program are located in areas of the City, such as Harlem and the South Bronx, where they will have a significant beneficial impact on the neighborhood. The projects are scheduled to be fully occupied by the end of 1982.

PROJECT	UNITS	MORTGAGE COMMITMENT
Academy Gardens (Bronx)	471	\$18,120,300
President Arms Apts. (Brooklyn)	32	1,326,500
Prospect Arms Apts. (Brooklyn)	91	3,505,700
Miramar Court (Bronx)	90	4,328,100
Lower East Side Phase II (Manhattan)	100	5,665,000
1650 President St. (Brooklyn)	48	2,411,200
2404, 2412, 2416 Crotona Ave. (Bronx)	74	3,410,300
Lenoxville (Manhattan)	118	5,426,500
TOTALS:	1024	\$44,193,600

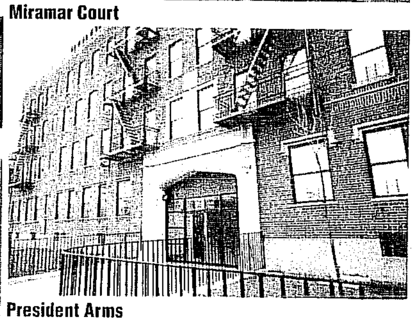
All projects are substantially completed with the exception of Lower East Side Phase II, which is 61% completed.

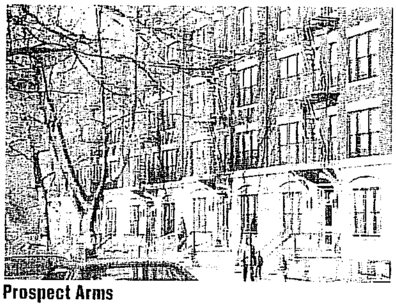

Lower East Side, Phase II


Lenoxville

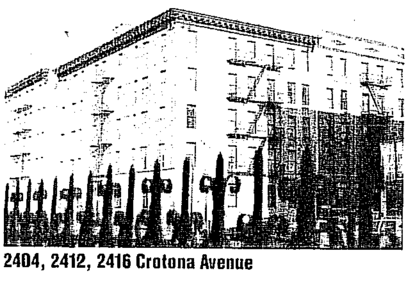

Miramar Court


Academy Gardens


President Arms


Prospect Arms


1650 President Street


2404, 2412, 2416 Crotona Avenue

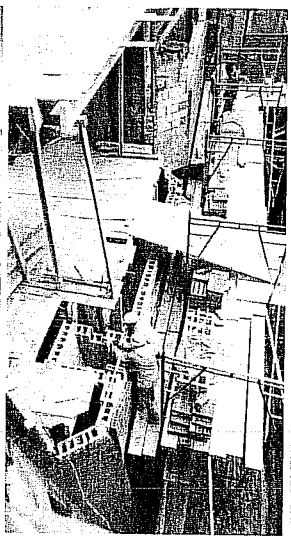
CONSTRUCTION LOANS

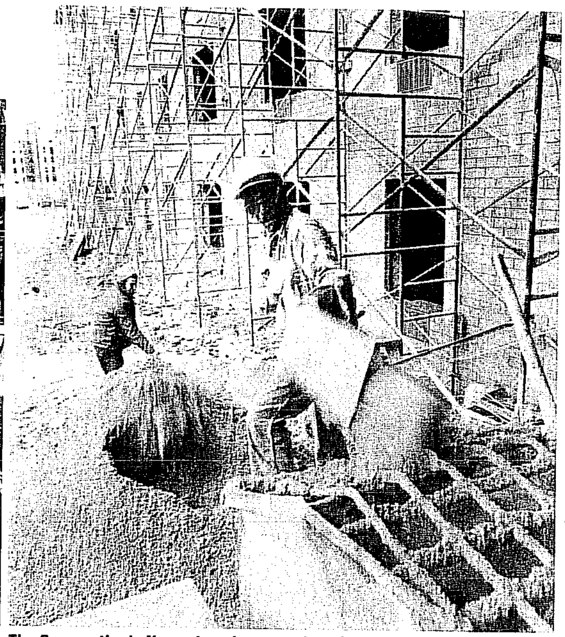
Construction loan note issues highlighted the Corporation's 1981 fiscal year. They provided construction financing for twenty projects to be permanently financed under the GNMA Tandem Program. With the prime rate then at 20%, HDC financing made the difference between feasibility and infeasibility for these projects.

The Corporation sold two issues of construction loan notes totalling $122,775,000 in January and March at interest rates of 9% and 8.95%. Most of the 2,167 newly constructed or rehabilitated units are now under construction in some of the neighborhoods that are undergoing revitalization in the City.

The Corporation is working with developers and HUD in order to offer construction financing when GNMA tandem funds become available in early 1982. Nationwide, less than $2 billion in GNMA funds will be available against project requirements totalling over $6 billion. Since many projects in the City will be unable to obtain GNMA tandem financing, the Corporation will again consider the feasibility of structuring a bond issue to provide both construction and permanent financing.

PROJECT	UNITS	MORTGAGE COMMITMENT
Norgate Plaza (Brooklyn)	214	$10,710,200
Morrisania IV (Bronx)	211	10,932,900
Jerome Terrace Apts. (Bronx)	79	3,875,400
IMPAC Houses (Manhattan)	120	6,808,400
80-86 Houses (Brooklyn)	97	5,153,600
Union Gardens I (Brooklyn)	61	3,335,500
Valley Apts. (Manhattan)	126	6,470,700
L.I.R.A. (Manhattan)	152	9,475,200
St. Nicholas Manor Apts. (Manhattan)	112	5,680,400
Kingsbridge-Decatur I (Bronx)	80	4,290,300
1988 Davidson Ave. (Bronx)	48	2,606,400
Highbridge-Concourse-II (Bronx)	173	9,403,700
St. Johns Phase I (Brooklyn)	192	9,134,400
Nueva Era Apts. (Manhattan)	34	1,761,400
Audubon Apts. (Manhattan)	88	4,773,000
Site A—Washington Heights (Manhattan)	110	6,598,800
Pueblo de Mayaquez (Bronx)	76	4,103,700
Morris Heights Mews (Bronx)	110	6,146,500
Prospect Heights Rehab (Brooklyn)	63	3,469,000
738 St. Marks Ave. (Brooklyn)	21	1,064,900
TOTALS:	2,167	$115,794,400





The Corporation's financings have produced construction jobs as well as increased housing.

HDC OPERATIONS

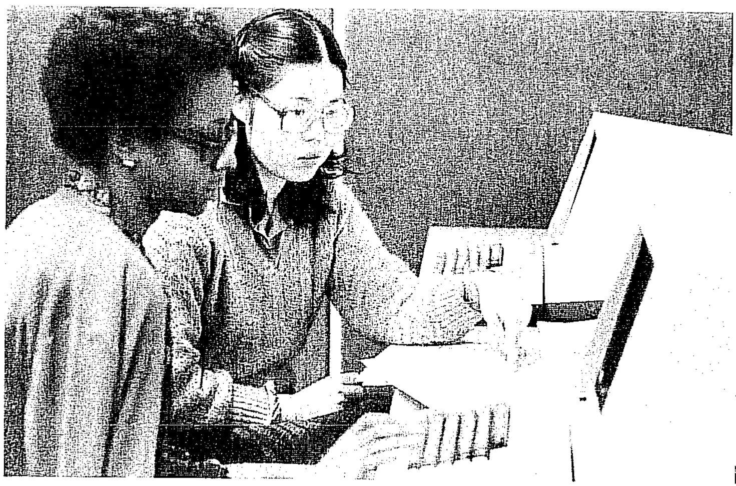
The development staff of the Corporation, under the direction of the Executive Director, is responsible for the structuring and implementation of programs. The staff conducts an ongoing liaison with developers, consultants, HUD, and HPD to ensure that the Corporation is responsive to the housing needs of the City. It consults with underwriters and other outside experts to work out financing programs that meet the requirements of the developer and provide the necessary financial security for the obligations issued to provide the mortgage loans.

The development staff is also responsible for project selection. This involves reviewing applications, conducting site inspections, and screening the developer and general contractor for financial capability and experience. Once a project has received a loan commitment from the Corporation, the development staff monitors its progress toward initial endorsement.

The Treasurer's staff is responsible for the monitoring of all receipts and disbursements under each program. Functions of the Treasurer's office include the preparation of budgets, accounting and financial statements and other statistical reports; servicing of mortgage loans; construction loan accounting; accounting for Section 8 and Section 236 Federal subsidy programs; investment of funds and office administration.

An on line, in-house computer has been installed to meet HDC's expanding reporting requirements. The system, which was two years in the making, fully integrates the accounting and servicing of the 81 projects bonded under the 223(f) Mitchell-Lama Refinancing Program. It maintains the books of account, allocates cash receipts, prints bank deposit tickets, prepares monthly billings to mortgagors, processes cash disbursements and calculates distribution of purchase and sales of investments by project.

The computer is also used to process the Corporation payroll and personnel records. It is anticipated that all HDC's programs will eventually be processed by automation.



HOUSING DEVELOPMENT CORPORATION PROJECTS AND LOCATIONS

■ GENERAL HOUSING PROGRAM

Independence Plaza North
Manhattan
Kew Gardens Hills
Queens
Knickerbocker Plaza
Manhattan
Linden Plaza
Brooklyn
North Waterside
Manhattan
Ocean Park
Queens
Waterside
Manhattan
Yorkville Towers
Manhattan

◆ PERMANENT MORTGAGE LOAN PROGRAM

Academy Gardens
Bronx
2402, 12, 16 Crotona Ave.
Bronx
Lenoxville
Manhattan
Lower East Side Phase II
Manhattan
Miramar Court
Bronx
President Arms Apts.
Brooklyn
1650 President Street
Brooklyn
Prospect Arms Apts.
Brooklyn

▲ CONSTRUCTION LOAN PROGRAM

Audubon Apts.
Manhattan
1988 Davidson Avenue
Bronx
Highbridge-Concourse II
Bronx
80–86 Houses
Brooklyn
IMPAC Houses
Manhattan
Jerome Terrace Apts.
Bronx
Kingsbridge-Decatur I
Bronx
L.I.R.A.
Manhattan
Morris Heights Mews
Bronx
Morrisania IV
Bronx
Norgate Plaza
Brooklyn
Nueva Era Apts.
Manhattan
Prospect Heights Rehab
Brooklyn
Pueblo de Mayaquez
Bronx
Site A—Washington Heights
Manhattan
St. Johns Phase I
Brooklyn
738 St. Marks Ave.
Brooklyn
St. Nicholas Manor Apts.
Manhattan
Union Gardens I
Brooklyn
Valley Apts.
Manhattan

● SECTION 223(f) REFINANCING PROGRAM

Albert Einstein Staff Housing *Bronx*
Allerville Arms
Bronx
Atlantic Plaza Towers
Brooklyn
Atlantic Terminal 2c
Brooklyn
Atlantic Terminal 4A
Brooklyn
Bay Towers
Queens
Beekman Staff Residence
Manhattan
Bethune Towers
Manhattan
Boulevard Towers I
Bronx
Boulevard Towers II
Bronx
Bridgeview III
Queens
Brighton House
Brooklyn
Bruckner Towers
Bronx
Cadman Towers
Brooklyn
Cadman Plaza North
Brooklyn
Candia House
Bronx
Carol Gardens
Bronx
Clinton Towers
Manhattan
Columbus House
Manhattan
Columbus Manor
Manhattan
Columbus Park
Manhattan
Confucius Plaza
Manhattan
Contello III
Brooklyn
Cooper-Gramercy
Manhattan
Corlear Gardens
Manhattan
Court Plaza
Queens
Crown Gardens
Brooklyn
Dayton Towers
Queens
Delos House
Bronx
East Midtown Plaza
Manhattan
Esplanade Gardens
Manhattan
Essex Terrace
Brooklyn
Forest Park Crescent
Queens
Fordham Towers
Bronx
Glenn Gardens
Manhattan
Goddard Towers
Manhattan
Goodwill Terrace
Manhattan
Gouveneur Gardens
Manhattan
Heywood Towers
Manhattan
Hudsonview Terrace
Manhattan
Janel Towers
Bronx
Jefferson Towers
Manhattan
Keith Plaza
Bronx
Kelly Towers
Bronx
Kingsbridge Arms
Bronx
Kingsbridge Apartments
Bronx
Lands End I
Manhattan
Leader House
Manhattan
Lincoln-Amsterdam
Manhattan
Middagh Street Studio Apts.
Brooklyn
Montefiore Hospital Housing Section II
Bronx
New Amsterdam House
Manhattan
Noble Mansion
Bronx
North Shore Plaza
Staten Island
1199 Plaza
Manhattan
Polyclinic Apartments
Manhattan
Prospect Towers
Brooklyn
Riverbend
Manhattan
Riverside Park Community
Manhattan
RNA House
Manhattan
Robert Fulton Terrace
Bronx
Rosalie Manning Apts.
Manhattan
Ruppert House
Manhattan
Scott Towers
Bronx
Seaview Towers
Queens
Sky View Towers
Queens
Stevenson Commons
Bronx
St. Martin's Tower
Manhattan
Stryecker's Bay
Manhattan
Tivoli Towers
Brooklyn
Tower West
Manhattan
Town House West
Manhattan
Tri-Faith House
Manhattan
Trinity House
Manhattan
University River View
Bronx
Washington Sq Southeas
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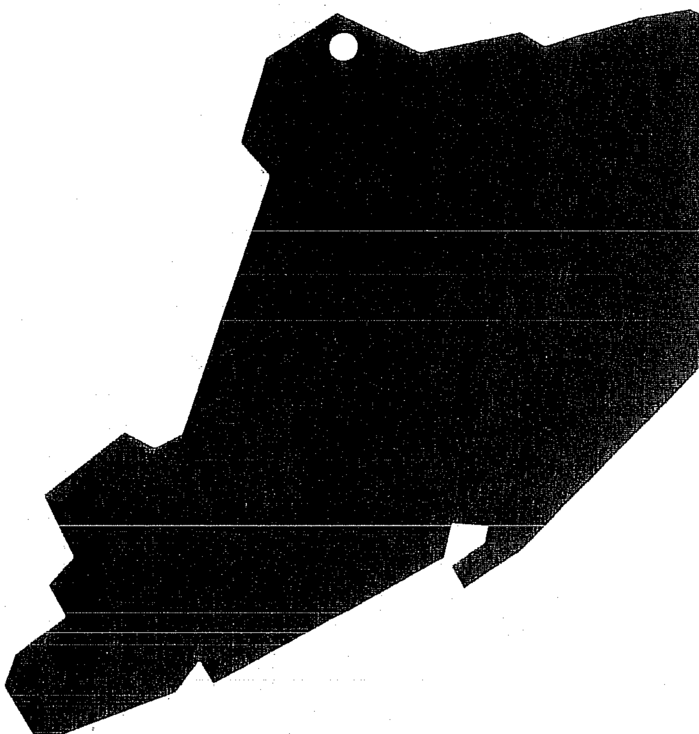
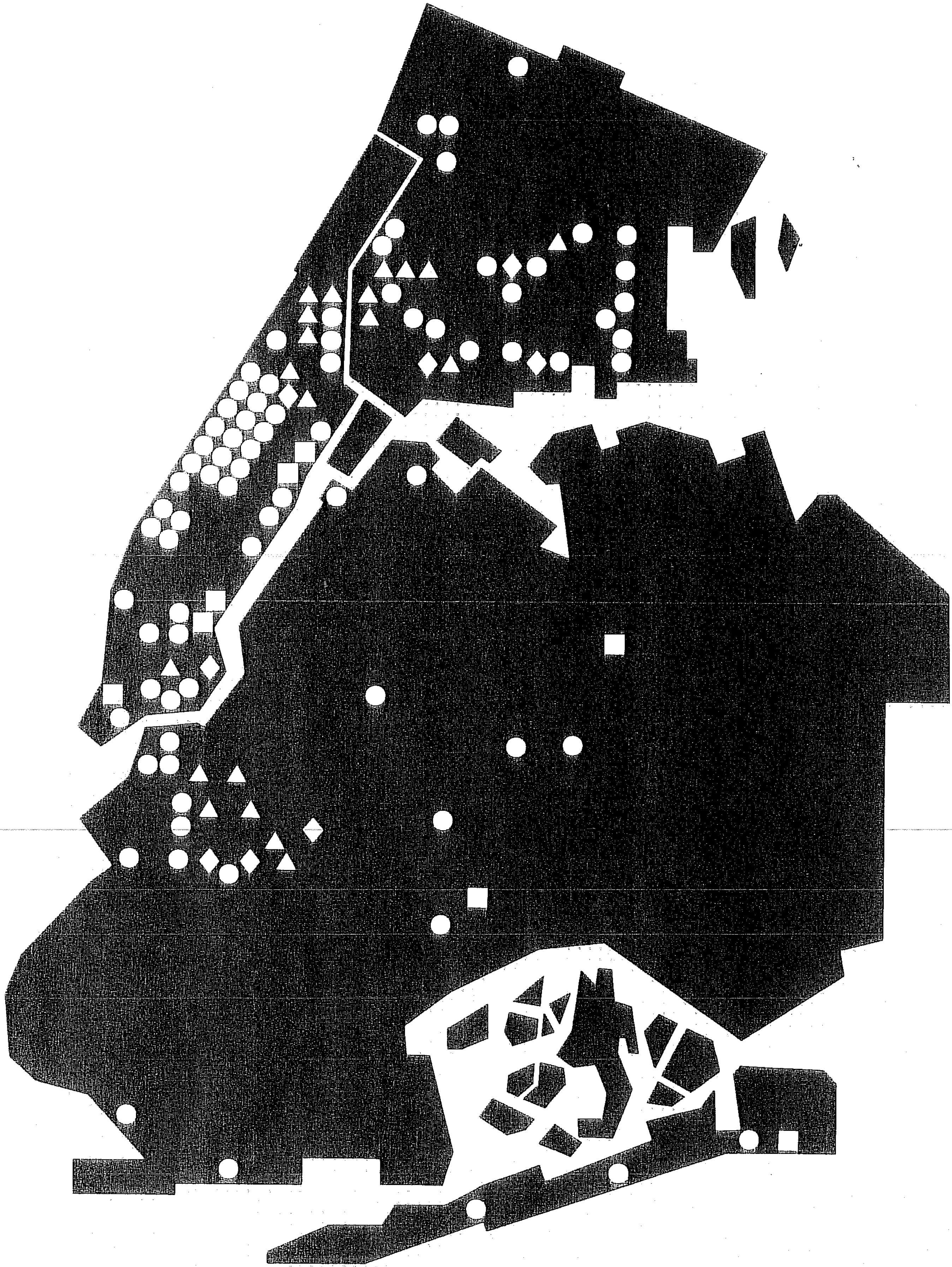
West Side Manor
Manhattan
Westview Apartments
Manhattan
West Village
Manhattan
Westwood House
Manhattan
Woodstock Terrace
Bronx





The members of the New York City Housing Development Corporation, by law, include: Commissioner of the Department of Housing Preservation and Development of the City of New York, who is designated by the Corporation's enabling legislation as its Chairman, *ex-officio;* Director of Management and Budget of the City of New York, serving *ex-officio;* Finance Commissioner of the City of New York, serving *ex-officio;* and four public members, two appointed by the City's Mayor and two appointed by the Governor of New York State.

The Corporation wishes to express its appreciation to James R. Brigham, Jr., for his valuable assistance from 1978 to 1981. Mr. Brigham served the Corporation as an *ex-officio* member by virtue of his position as Director of Management and Budget of the City of New York. The Corporation welcomes two new members: Alair A. Townsend, who replaced Mr. Brigham on September 9, 1981, and George Glee, Jr., who was appointed by the Governor on September 15, 1981.

Anthony Gliedman, ***Chairman and Member, ex-officio.***
Mr. Gliedman, an attorney, was appointed Commissioner of the Department of Housing Preservation and Development of the City on September 17, 1979. He also serves as Chairman of the Mayor's Housing Policy Board and Chairman of the New York City Rehabilitation Mortgage Insurance Corporation. Mr. Gliedman has served the City as Commissioner of Ports and Terminals, Assistant to the Deputy Mayor for Labor Relations, Director of Agency Analysis for the Emergency Financial Control Board for the City, Deputy General Counsel of the Housing and Development Administration, the predecessor to the Department of Housing Preservation and Development, Housing Ombudsman to the Housing and Development Administration and as an Assistant Corporation Counsel in the City's Law Department.

Thomas E. Dewey, Jr., ***Vice Chairman and Member, serving pursuant to law.***
Mr. Dewey is founder and President of Thomas E. Dewey, Jr. & Co., Inc., a firm specializing in financial advisory services. He is also a Trustee of Lenox Hill Hospital and of the Harlem Savings Bank. He is a former General Partner in the investment banking firm of Kuhn, Loeb & Co.

George Glee, Jr., ***Member, term expires January 1, 1983.***
Mr. Glee is Executive Director of the Vanguard Urban Improvement Assn., Inc., a Brooklyn, New York based non-profit corporation that administers a wide range of economic development, commercial and residential rehabilitation and youth programs. Prior to that he served as consultant to the John Hay Whitney Foundation and was Vice President for Economic Development with the Bedford Stuyvesant Restoration Corporation for nine years.

Harry E. Gould, Jr., ***Member, term expires December 31, 1983.***
Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation. He is a member of Colgate University's Board of Trustees and a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee. Mr. Gould has represented the President of the United States at the United Nations East-West Trade Development Commission and has been a member of the Executive Committee and Chairman of the export Expansion Committee of the President's Export Council.

Pazel G. Jackson, Jr., ***Member, serving pursuant to law.***
Mr. Jackson is a Senior Vice President of The Bowery Savings Bank of New York. He is also Chairman of the Board and Trustee of Mutual Real Estate Investment Trust; Vice Chairman, Battery Park City Authority; and a director of the National Corporation for Housing Partnerships, and of the New York State Urban Development Corporation. He was formerly Assistant Commissioner of the City Department of Buildings and Chief of Design of the New York World's Fair Corporation.

Philip R. Michael, ***Member, ex-officio.***
Mr. Michael is Commissioner of Finance of the City of New York. He served as First Deputy Commissioner of the Department of Investigation from February 1978 until his appointment as Finance Commissioner in November, 1980. Mr. Michael began his service with New York City in 1972 as the Police Department Deputy Commissioner for Trials and later served as Deputy Commissioner for Legal Matters. From 1965 to 1972, Mr. Michael was a Supervising Trial Attorney in the U.S. Department of Justice in its Organized Crime and Racketeering Section in Washington, D.C., and San Francisco, California. He has served since 1978 as Chairman of the New York City Board of Trustees Employees' Retirement System, with assets in excess of six billion dollars.

Alair A. Townsend, ***Member, ex-officio.***
Ms. Townsend was appointed Director of Management and Budget of the City of New York on September 9, 1981. She is former Assistant Secretary for Management and Budget and Deputy Assistant Secretary for Health Operations with the United States Department of Health and Human Services.

PRINCIPAL OFFICERS

Roger C. Simons served as Executive Director until March 22, 1982. Mr. Simons is an attorney and had served as Deputy Executive Director and General Counsel of the Corporation. He has experience in both the public and private sectors of the real estate and construction fields as well as in public and private financing. Prior to his association with the Corporation, he was employed by the Housing and Development Administration of the City (the predecessor to the Department of Housing Preservation and Development) and was also the Vice President and General Counsel of a major eastern developer.

The Corporation wishes to express its special thanks to Roger C. Simons for his years of dedicated service. Mr. Simons has been succeeded as Executive Director by Michael C. Smith.

Michael C. Smith, *Executive Director,* effective March 22, 1982. Mr. Smith, an attorney, has had an extensive career in public service, working in legislative and executive positions in the city, state and federal levels of government. His immediate prior position was as Deputy Director of the Office of Management and Budget of the City of New York.

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.

Alice I. Baker, *General Couns[e]l and Secretary.* Ms. Baker was appointed General Counsel and Secretary to [the] Corporation on September 24, 1979. She joined the Corporati[on] in May 1978 as Assistant Couns[el] and served as Acting General Counsel from January 1979 un[til] her appointment in September 1979. Previously she worked as an attorney and consultant in t[he] subsidized housing field and as an attorney with Pan American World Airways.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

for the year ended
October 31, 1981

BALANCE SHEETS, October 31, 1981

	General Housing Bond Program	Section 223(f) Multifamily Housing Bond Program
ASSETS:		
Cash and investments (Note 5):		
Held for designated purposes	$ 30,806,543	$ 72,406,111
Held for operations	7,079,387	
Segregated for November debt service	9,204,200	
	47,090,130	72,406,111
Receivables from mortgagors:		
Mortgage loans (Note 4)	298,818,204	377,899,915
Mortgage billings, including accrued interest	81,714	3,361,708
Loans from reserves for replacement funds (Note 3)		1,109,031
Deferred interest (Note 4)	1,679,300	
Other	15,480	
	300,594,698	382,370,654
Other assets (Note 2)		43,087
Due from (to) other funds	(77,144)	(5,324,150)
	(77,144)	(5,281,063)
	$347,607,684	**$449,495,702**
LIABILITIES and FUND BALANCES:		
Bonds payable (Note 6)	$278,245,000	$374,496,004
Notes payable (Note 6)	35,747,000	
Payable to the City of New York (Note 7)		13,719,319
Accrued interest payable	10,542,464	1,034,882
Accrued earnings of reserves for replacement funds payable to mortgagors		4,305,573
Accounts payable, accrued expenses and other liabilities		
Payable to the New York City Department of Housing Preservation and Development	31,829	
Received in advance from mortgagors	727,804	
Deferred income		250,486
Deferred interest (Note 4)	1,679,300	
Total liabilities	326,973,397	393,806,264
Commitments (Notes 4 and 9)		
Fund balances (Notes 3 and 8):		
Restricted	10,977,065	55,689,438
Unrestricted	9,657,222	
Total fund balances	20,634,287	55,689,438
	$347,607,684	**$449,495,702**

The accompanying notes are an integral part of the financial statements.

Section 223(f) Multi-Unit Housing Bond Program	1979 Housing Bond Program	1981 Construction Loan Note Program	Corporate Services Fund	Combined Total (Memorandum Only) (Notes 2, 12) 1981	1980
$ 21,418,060	$14,871,222	$101,327,919		$ 240,829,855	$146,116,473
			$5,537,200	12,616,587	10,802,828
				9,204,200	9,238,642
21,418,060	14,871,222	101,327,919	5,537,200	262,650,642	166,157,943
96,625,021	39,368,037	26,686,290		839,397,467	798,581,204
1,013,286	464,504	311,432		5,232,644	4,818,300
124,967				1,233,998	
				1,679,300	1,839,688
	14,944			30,424	61,855
97,763,274	39,847,485	26,997,722		847,573,833	805,301,047
8,625		378,311	485,383	915,406	288,615
5,491,261	55	(18,757)	(71,265)	—	—
5,499,886	55	359,554	414,118	915,406	288,615
$124,681,220	**$54,718,762**	**$128,685,195**	**$5,951,318**	**$1,111,139,881**	**$971,747,605**
$108,975,000	$49,620,000			$ 811,336,004	$814,692,434
		$122,775,000		158,522,000	36,670,000
205,627				13,924,946	11,264,334
4,039,217	1,797,342	2,406,021		19,819,926	19,100,805
365,072				4,670,645	503,722
7,264	205,709		$ 513,820	726,793	1,021,473
				31,829	
				727,804	695,306
				250,486	250,486
				1,679,300	1,839,688
113,592,180	51,623,051	125,181,021	513,820	1,011,689,733	886,038,248
11,089,040	3,095,711	3,504,174		84,355,428	74,004,839
			5,437,498	15,094,720	11,704,518
11,089,040	3,095,711	3,504,174	5,437,498	99,450,148	85,709,357
$124,681,220	**$54,718,762**	**$128,685,195**	**$5,951,318**	**$1,111,139,881**	**$971,747,605**

STATEMENTS OF REVENUES AND EXPENSES for the year ended October 31, 1981

	General Housing Bond Program	Section 223(f) Multifamily Housing Bond Program
REVENUES:		
Interest income:		
Mortgage loans (Note 4)	$21,760,118	$29,049,414
Investments	4,527,259	11,450,417
Deferred interest (Note 4)	231,655	
Other	45,150	
Section 8 administrative fees		
Fees and charges	766,275	
	27,330,457	40,499,831
EXPENSES:		
Interest:		
Bonds (Note 6)	17,809,081	24,897,164
Notes (Note 6)	3,464,424	
Other (Note 4)	341,100	
Salaries and related expenses		
Services of New York City Department of Housing Preservation and Development	381,950	
Trustees' fees	34,333	101,666
Amortization of note issue costs (Note 2)		
Operating expenses		
	22,030,888	24,998,830
Excess (deficiency) of revenues over expenses before operating transfers	**$ 5,299,569**	**$15,501,001**
Operating transfers:		
Transfers to payable to the City of New York (Notes 4 and 7)		(10,153,479)
Transfers to Corporate Services Fund (Note 8)	(384,325)	(1,476,628)
	(384,325)	(11,630,107)
Excess of revenues over expenses after operating transfers	**4,915,244**	**3,870,894**
Excess of revenues over expenses after operating transfers is allocated as follows:		
Restricted funds	$ 3,055,646	$3,870,894
Unrestricted funds	1,859,598	
	$ 4,915,244	**$3,870,894**

The accompanying notes are an integral part of the financial statements.

Section 223(f) Multi-Unit Housing Bond Program	1979 Housing Bond Program	1981 Construction Loan Note Program	Corporate Services Fund	Combined Total (Memorandum Only) (Notes 2, 12)	
				1981	1980
$ 9,113,495	$2,984,238	$ 830,896		$63,738,161	$55,105,587
2,481,438	2,665,706	10,410,910	$ 912,575	32,448,305	18,456,349
				231,655	241,153
3,829			2,206	51,185	2,778
			113,504	113,504	41,195
		1,115,825	19,998	1,902,098	942,935
11,598,762	5,649,944	12,357,631	1,048,283	98,484,908	74,789,997
9,694,223	3,594,663			55,995,131	48,934,124
		7,612,510		11,076,934	3,391,975
				341,100	323,100
			824,766	824,766	530,060
				381,950	383,138
24,120	18,624	24,454		203,197	187,601
		100,668		100,668	
			857,776	857,776	506,250
9,718,343	3,613,287	7,737,632	1,682,542	69,781,522	54,256,248
$ 1,880,419	**$2,036,657**	**$ 4,619,999**	**($ 634,259)**	**$28,703,386**	**$20,533,749**
(973,757)				(11,127,236)	(11,746,910)
(489,195)	(68,512)	(1,115,825)	3,534,485	—	—
(1,462,952)	(68,512)	(1,115,825)	3,534,485	(11,127,236)	(11,746,910)
$ 417,467	**$1,968,145**	**$ 3,504,174**	**$2,900,226**	**$17,576,150**	**$ 8,786,839**
$ 417,467	$1,968,145	$ 3,504,174		$12,816,326	$ 6,221,781
			$2,900,226	4,759,824	2,565,058
$ 417,467	**$1,968,145**	**$ 3,504,174**	**$2,900,226**	**$17,576,150**	**$ 8,786,839**

STATEMENTS OF CHANGES IN FUND BALANCES for the year ended October 31, 1981

	General Housing Bond Program	Section 223(f) Multifamily Housing Bond Program
UNRESTRICTED FUNDS:		
Unrestricted fund balances, beginning of year,	$ 9,167,246	
Excess of revenues over expenses after operating transfers	1,859,598	
Net Transfer to restricted funds (Note 8)	(1,369,622)	
Unrestricted fund balances, end of year, (Note 8)	9,657,222	
RESTRICTED FUNDS:		
Restricted fund balances, beginning of year	6,859,510	$56,208,569
Excess of revenues over expenses after operating transfers	3,055,646	3,870,894
Deposits to escrow and reserve funds		14,426,726
Distributions of reserves for replacement funds and related earnings to mortgagors	(307,713)	(7,716,717)
Distributions from escrow funds on behalf of mortgagors		(9,937,319)
Transfers of reserve and escrow funds to Multi-Unit Housing Bond Program		(1,162,715)
Net Transfer from unrestricted funds (Note 8)	1,369,622	
Restricted fund balances end of year (Note 8)	10,977,065	55,689,438
Total fund balances, end of year	**$20,634,287**	**$55,689,438**

The accompanying notes are an integral part of the financial statements.

Section 223(f) Multi-Unit Housing Bond Program	1979 Housing Bond Program	1981 Construction Loan Note Program	Corporate Services Fund	Combined Total (Memorandum Only) (Notes 2, 12) 1981	1980
			$2,537,272	$11,704,518	$10,583,068
			2,900,226	4,759,824	2,565,058
				(1,369,622)	(1,443,608)
			5,437,498	15,094,720	11,704,518
$ 9,809,194	$1,127,566			74,004,839	70,522,572
417,467	1,968,145	$3,504,174		12,816,326	6,221,781
2,648,053				17,074,779	16,342,455
(442,098)				(8,466,528)	(7,509,620)
(2,506,291)				(12,443,610)	(13,015,957)
1,162,715				—	—
				1,369,622	1,443,608
11,089,040	3,095,711	3,504,174		84,355,428	74,004,839
$11,089,040	**$3,095,711**	**$3,504,174**	**$5,437,498**	**$99,450,148**	**$85,709,357**

STATEMENTS OF CHANGES IN FINANCIAL POSITION for the year ended October 31, 1981

	General Housing Bond Program	Section 223(f Multifamily Housing Bon Program
FUNDS PROVIDED:		
From operations:		
Excess of revenues over		
expenses after operating transfers	$4,915,244	$ 3,870,89
Add (deduct), Net adjustment for		
noncash items	(2,307,815)	11,045,70
Funds provided from operations	2,607,429	14,916,60
Proceeds from disposal of investments (cost),	383,841,890	779,372,95
Rollover of notes	71,947,000	
Proceeds from sale of bonds and notes		
Repayment of mortgage principal	1,233,958	1,812,31
Receipt of reserves for replacement funds		4,412,36
Receipt of escrow funds		10,152,07
Transfers between funds		
Other	35,555	
Total funds provided	459,665,832	810,666,31
FUNDS APPLIED:		
Rollover of Notes	71,947,000	
Retirement of bonds and notes	2,488,000	1,791,43
Purchase of investments	384,430,485	781,813,74
Distributions and advances to mortgagors	307,714	4,320,53
Payments from escrow funds		9,968,12
Paid to the City of New York		10,593,29
Loans made from reserves for replacement funds		1,109,03
Transfers between funds	445,480	1,517,22
Funding of escrow and reserves for replacement		
funds relating to assigned mortgage		838,29
Purchase of fixed assets		
Other		69,03
Total funds applied	459,618,679	812,020,71
Increase (decrease) in cash	**47,153**	**(1,354,40**
Cash, beginning of year	**14,813**	**1,718,07**
Cash, end of year	**$ 61,966**	**$ 363,66**

The accompanying notes are an integral part of the financial statements.

Section 223(f) Multi-Unit Housing Bond Program	1979 Housing Bond Program	1981 Construction Loan Note Program	Corporate Services Fund	Combined Total (Memorandum Only) (Notes 2, 12) 1981	1980
$ 417,467	$ 1,968,145	$ 3,504,174	$ 2,900,226	$ 17,576,150	$ 8,786,839
2,168,221	1,328,294	89,057	(3,611,179)	8,712,286	24,292,570
2,585,688	3,296,439	3,593,231	(710,953)	26,288,436	33,079,409
151,686,481	257,891,018	71,380,306	70,838,869	1,715,011,523	1,619,001,991
				71,947,000	
		122,775,000		122,775,000	106,960,400
367,723				3,413,998	3,163,510
485,048				4,897,408	3,419,306
2,210,077	771,614		51,329	13,185,092	13,871,576
	4,863		3,360,818	3,365,681	4,377,713
			175	35,730	58,312
157,335,017	261,963,934	197,748,537	73,540,238	1,960,919,868	1,783,932,217
				71,947,000	
				4,279,430	3,045,415
154,483,681	247,397,474	170,078,648	72,877,402	1,811,081,434	1,612,365,231
2,491,927	13,886,846	26,686,290	116,866	47,810,173	33,459,284
	726,412			10,694,536	13,149,043
				10,593,298	118,139,977
124,967				1,233,998	
277,242		1,125,733		3,365,681	4,377,713
				838,298	
			445,719	445,719	82,199
		34,542		103,580	30,477
157,377,817	262,010,732	197,925,213	73,439,987	1,962,893,147	1,784,649,339
(42,800)	**(46,798)**	**(176,676)**	**100,251**	**(1,473,279)**	**(717,122)**
114,880	**57,973**		**49,327**	**1,955,070**	**2,672,193**
$ 72,080	**$ 11,175**	**($ 176,676)**	**$ 149,578**	**$ 481,791**	**$ 1,955,071**

NOTES TO FINANCIAL STATEMENTS

1. Organization:

New York City Housing Development Corporation (the "Corporation") is a corporate governmental agency constituting a public benefit corporation of the State of New York. The Corporation was established under the provisions of Article XII of the Private Housing Finance Law (the Act) and is not subject to taxation. The Corporation is to continue in existence at least as long as bonds, notes or other obligations of the Corporation are outstanding.

The Corporation was created in 1971 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 Corporation operates five separate programs under their respective bond and note resolutions:

- General Housing Bond Program ("General Housing Program"),
- Section 223(f) Multifamily Housing Bond Program ("Multifamily Program"),
- Section 223(f) Multi-Unit Housing Bond Program ("Multi-Unit Program"),
- 1979 Housing Bond Program ("1979 Housing Program"), and
- 1981 Construction Loan Notes Program ("1981 Construction Loan Program").

Each of the resolutions requires the establishment of segregated funds and accounts as further described below. In addition, the Corporation has established a Corporate Service Fund for the recording of transactions not subject to the bond and note resolutions.

2. Summary of the Significant Accounting Policies:

The financial statements present the combined accounts of the programs operated by the Corporation and also include a memorandum combined amount for all such programs. The combined column "Combined Total (Memorandum Only)" is not necessary for a fair presentation of the financial statements of each of the programs of the Corporation and does not present consolidated financial information.

The following comprise the significant accounting policies of the Corporation:

Investments
Investments are carried at cost and include accrued interest.

Mortgage Loans
Mortgage loans in the General Housing Program, Multi-family Program, the 1979 Housing Program and the 1981 Construction Loan Program are stated at the unpaid principal balance. Mortgage loans in the Multi-Unit Program are stated at their unpaid principal balance less unearned discount. Unearned discount is amortized to earnings over the remaining lives of the mortgages using the effective interest method, which yields a constant rate of income.

Note Issue Costs
The 1981 Construction Loan Program note issue costs included in other assets, are amortized to expense over the term of the notes using the notes-outstanding method, which yields a constant rate of expense.

Administrative Expenses
The Corporation's administrative expenses are accounted for in th Corporate Services Fund. Transfers are made from other program to the Corporate Services Fund for fees earned by the Corporation for servicing the respective programs and for excess interest earni of escrow funds not required by the programs.

Recognition of Mortgage Loan Interest Income
Except for certain General Housing Program mortgage loans (see note 4), for which deferred interest is recognized as income when received, mortgage loan interest income is recognized on the accru basis.

Amortization of Leasehold Improvements
Leasehold improvements amounting to $404,818 net of accumulate amortization of $39,857, are included in other assets of the corporate services fund and are amortized to expense over the 10-year l of the lease using the straight-line method.

3. Summary of Programs:

The following describes the nature of the programs currently administered by the Corporation:

(a) *General Housing Program:*
This program was established when the Corporation was creat and accounts for the proceeds of bonds and notes issued to finance the construction of nine multifamily projects. The program also accounts for (1) debt service requirements of the bonds and notes, (2) debt service and other billings of the relat mortgages, (3) earnings on investments, held in project mortga loan accounts, that will be paid to mortgagors and (4) service fe approximating $^1/_4$ of 1% of the original principal amount of the mortgages, and certain direct expenses. Service fees in excess o the cost of services of the New York City Department of Housin Preservation and Development are transferred to the Corpora Services Fund for the payment of corporate administrative expenses.

General Reserve Fund:
An unrestricted general reserve fund is maintained by the Corporation and is available for any corporate purpose as provided in the General Housing Bond Resolution. The cash and investments, excluding accrued interest, may not exceed 2% of outstanding bonds. Any excess must be used to redeem outstanding bonds. At October 31, 1981, cash and investments in the general reserve fund were below the 2% limitation by approximately $34,000.

Capital Reserve Fund:
A capital reserve fund was established as additional security for bondholders in accordance with the requirements of the Act. The Act provides that the Corporation will maintain cash and investments in the capital reserve fund at an amount equal to the largest annual debt service requirement for any fiscal year. At October 31, 1981, the largest annual debt service requirement for any fiscal yea was $19,337,990 and the cash and carrying value of investments in the capital reserve fund, exclusive of accrued interest, were in exce of the requirement by $734,345. Cash and the market value of investments approximated $16,643,000.

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. If the City fails, 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 pay the Corporation the necessary amount 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.

(b) *Multifamily and Multi-Unit Programs:*
These programs were established in 1977 and 1980, respectively, in connection with the refinancing of Mitchell-Lama mortgage loans of existing multifamily housing projects which were payable to the City of New York. The mortgages assigned to the Corporation by the City of New York were modified, divided and recast into FHA-insured mortgages serviced by the Corporation and noninsured second mortgages reassigned to the City. These programs account for the debt service requirements of the bonds issued in connection with the refinancings. The programs also account for (1) debt service requirements of the related mortgages, (2) mortgagor escrow funds for the payment of mortgage insurance premiums, taxes, fire insurance and other similar charges, (3) amounts deposited by mortgagors for certain FHA-required reserves for replacement funds and minimum property standards funds, and (4) FHA-required claim payment funds for the purpose of coinsuring with the FHA 5% of the face amount of the insured mortgages. The bond resolutions provide that the Corporation is entitled to service fees equal to 1/8 of 1% of the original principal amount of the mortgages. Such service fees and earnings on escrow funds are transferred to the Corporate Services Fund for the payment of corporate administrative expenses.

Corporate Requirements Account:
In connection with the Multifamily Program, the Corporation was permitted to hold $1,500,000 of amounts otherwise payable to the City. The balance of such funds not used for contingencies will be paid to the City at the conclusion of the program.

Debt Service Reserve and Special Reserve Accounts:
In connection with the Multi-Unit Program, certain funds are established to pay bond debt service and related expenses resulting from possible future defaults on mortgage loans.

Due to escalating operating costs, several Multifamily Program and Multi-Unit Program housing companies experienced temporary cash flow difficulties in 1981 and petitioned HUD for loans from their reserves for replacement funds held by the Corporation. The non-interest-bearing loans, approved by HUD, were disbursed by the Corporation and have repayment terms ranging from 12 to 36 months.

(c) *1979 Housing Program:*
This program accounts for the proceeds of bonds issued to finance the construction and permanent financing for the substantial rehabilitation of eight multifamily housing projects occupied by tenants who qualify for Section 8 housing assistance payments made pursuant to the United States Housing Act of 1937, as amended. The bond resolution provides that the Corporation is entitled to service fees equal to 1/10 of 1% of the outstanding mortgage loans at each semiannual debt service payment date prior to the expiration of the related housing assistance payment contracts for the projects financed by such mortgages and 1/8 of 1% thereafter. Such service fees and earnings on escrow funds are transferred to the Corporate Services Fund for the payment of corporate administrative expenses.

(d) *1981 Construction Loan Program:*
This program accounts for the proceeds of notes issued to finance the new construction or substantial rehabilitation of twenty multifamily housing projects. The note resolution provides that the Corporation is entitled to commitment and financing fees and other charges as set forth in the note resolutions. Such fees and charges are transferred to the Corporate Services Fund for the payment of corporate administrative expenses.

(e) *Corporate Services Fund:*
This fund accounts for (1) fees and earnings transferred from the programs set forth above, (2) Section 8 administrative fees (see Note 10), (3) income from Corporate Services Fund investments, and (4) the Corporation's administrative expenses.

4. Mortgage Loans:

(a) *General Housing Program:*
The General Housing Program mortgage loans comprise the following at October 31, 1981:

	Interest Rates	*Balance*	*Current Annual Mortgage Payments*
Pledged as collateral to General Housing Bonds:			
Washington Plaza Towers, Inc. (Independence Plaza North)	7.05 –9.97%	$ 62,290,679	$ 4,958,670
Waterside Housing Co., Inc.	7.05 –8.005%	60,210,162	4,625,847
Linden Plaza Housing Co., Inc.	6.002–6.34%	48,352,324	3,199,429
Yorkville Towers Housing Co., Inc.	6.313–8.205%	34,609,930	2,431,394
Yorkville Towers Housing Co., Inc. (Ruppert Towers Project)	6.31 –8.205%	26,471,976	1,845,811
Ocean Park Housing Co., Inc.	7.001%	17,690,037	1,327,967
Carlton Gardens Housing Co., Inc.	8.293%	10,134,738	945,041
		$259,759,846	$19,334,159

	Interest Rates	Balance	Current Annual Mortgage Payments
Pledged as collateral to General Housing Notes:			
Knickerbocker Plaza Housing Co., Inc.	10.0%	$ 24,782,719	$ 2,359,761
North Waterside Redevelopment Co.	10.0%	12,827,281	1,249,731
		37,610,000	$ 3,609,492
Mortgage advance to Washington Plaza Towers, Inc.	7.6%	938,430	75,200
		298,308,276	$23,018,851
Prepaid principal payments		509,928	
		$298,818,204	

The mortgages are first liens on the respective properties and, except for the mortgage loans receivable from Waterside Housing Co., Inc., Yorkville Towers Housing Co., Inc. and Carlton Gardens Housing Co., Inc., the projects receive interest subsidies under Section 236 of the National Housing Act from the U.S. Department of Housing and Urban Development ("HUD"). Except as noted below, all mortgages are current. Final maturity dates on the above mortgage loans range from 2009 to 2023.

The realization of the mortgage loans depends on the ability of each of the housing companies to generate sufficient funds to service its debt which, in turn, is predicated on its maintaining sufficient occupancy levels and obtaining rent increases to offset escalating operating costs. Such rent increases are subject to the approval of the Department of Housing Preservation and Development of the City of New York ("HPD"). In the event the housing company or HPD does not institute proceedings to implement a rent increase deemed necessary by the Corporation, or HPD, after conducting a hearing, fails to grant such necessary increase, the Corporation can, pursuant to law, order such increase and must do so pursuant to the General Housing Bond Resolution.

Should any of the housing companies be unable to meet its debt service obligations, the Corporation can commence foreclosure proceedings and operate the project or sell it to a third party. To the extent that the project does not generate sufficient funds to meet the annual debt service requirements of the Corporation, payments may be made first from the general reserve fund to the extent available and then from the capital reserve fund.

In 1977, certain housing companies were unable to obtain sufficient rent increases to offset working capital deficits and operating costs. Loans were made to the housing companies by their owners and were matched by the Corporation through a deferral of mortgage interest payments amounting to $1,850,000. The deferred interest, including accrued interest on the amounts deferred, is recognized as income as received over a ten-year period which commenced in 1980.

As part of an agreement entered into in prior years, in 1981 the Corporation granted credits of $341,100 against mortgage payments due from mortgagors. These credits have been included in interest income on mortgage loans and in other interest expense in the accompanying financial statements.

(b) Multifamily and Multi-Unit Programs:
The mortgage loans of the Multifamily and Multi-Unit Programs comprise the following at October 31, 1981:

	Balance	Interest Rates	Current Annual Mortgage Payments
Multifamily Program – pledged as collateral to Multifamily Program bonds	$377,899,915	7.25-8.5%	$31,131,819
Multi-Unit Program – pledged as collateral to Multi-Unit Program bonds (net of unamortized discount of $9,364,463)	$ 96,625,021	8.5%	$ 9,406,146

The mortgages are first liens on the properties and are insured b[y] FHA. Final maturity dates range from 2017 to 2019.
At October 31, 1981, except for debt service payments aggregating $71,972 in the Multifamily Program and $80,386 in the Multi-Unit Program, all mortgages were current.

In 1981, the City of New York assigned a Mitchell-Lama housing company mortgage loan in the amount of $3,560,600 to the Corpora[-]tion. The mortgage was modified and recast into (1) a federally insured first mortgage, which will either be sold on behalf of the City or held to be assigned as collateral for bonds to be issued, and (2) a non-insured second mortgage, which was reassigned to the City.

With respect to the Multifamily Program (1) excess of debt servic[e] payments from mortgagors over debt service payments to bondholders and service fees to the Corporation and (2) the earnings on certain restricted funds are payable to the City. With respect to the Multi-Unit Program, the earnings on certain restricted funds are payable to the City.

(c) 1979 Housing Program:
The 1979 Housing Program mortgage loan advances and remaining commitments comprise the following at October 31, 1981:

	Total Mortgage Commitments	Mortgage Loan Advances	Remaining Mortgage Commitments	Current Annual Mortgage Payments
Pledged as collateral to bonds:				
Academy Gardens Associates	$18,120,300	$18,120,300		$1,463,369
2404, 2412, 2416 Crotona Avenue	3,410,300	3,042,641	$ 367,659	
Lenoxville	5,426,500	4,450,579	975,921	
Lower East Side Phase II	5,665,000	3,216,633	2,448,367	
Miramar Court	4,328,100	4,050,225	277,875	
President Arms	1,326,500	1,142,774	183,726	
1650 President Street	2,411,200	2,265,654	145,546	
Prospect Arms	3,505,700	3,079,231	426,469	
	$44,193,600	$39,368,037	$4,825,563	$1,463,369

The mortgage loan advances are FHA-insured. The mortgage loans include amounts disbursed to projects for various constructi[on] costs, each project's proportionate share of bond issue costs and accrued interest. During construction, the loan advances bear inter[-]est at 9-1/2%. When construction is complete, permanent financin[g] is arranged, and debt service payments commence, the interest rate will be reduced to 7-1/2%.

In May, 1981, Academy Gardens Associates had completed construction and had received final endorsement from HUD of the $18,120,300 mortgage loan. Accordingly, the interest rate was reduced from 9-1/2% to 7-1/2%. In addition, three projects exceeded their expected construction completion dates and have received HUD approval to postpone amortization of the mortgage advances until final endorsement.

(d) 1981 Construction Loan Program:
The 1981 Construction Loan Program mortgage loan advances, all made during the fiscal 1981, and remaining commitments comprise the following at October 31, 1981:

	Total Mortgage Commitments	*Mortgage Loan Advances*	*Remaining Mortgage Commitments*
Issue A	$ 69,393,494	$22,336,366	$47,057,128
Issue B	46,535,600	4,349,924	42,185,676
Total	$115,929,094	$26,686,290	$89,242,804

The mortgage loan advances are FHA-insured, and include amounts disbursed to projects for various construction costs and each project's share of accrued interest capitalized. During construction, the loan advances bear interest at 10.75% for Issue A and 10.9% for Issue B. Upon completion of construction and final endorsement of the loans for FHA insurance, it is expected that the mortgages will be purchased by the Government National Mortgage Association ("GNMA") at a 2.5% discount. Mortgagors have provided unconditional and irrevocable letters of credit to cover the remaining 2.5%. The proceeds from the sale of the mortgage loans to GNMA and the letters of credit will be used to redeem the notes payable.

5. Cash and Investments Held for Designated Purposes and Operations:

At October 31, 1981, cash and investments, which are carried at cost (including accrued interest on securities), consisted of the following:

	Cash	*United States Agency Securities*	*Security Repurchase Agreements*	*Obligations of U.S. Treasury*	*Total*
(a) General Housing Program:					
Held for designated purposes, including amounts segregated for November debt service	$ 15,008	$32,645,080	$ 7,219,725	$ 130,930	$ 40,010,743
Held for operations	46,958	2,077,555	4,954,874		7,079,387
	$ 61,966	$34,722,635	$12,174,599	$ 130,930	$ 47,090,130
Market value, including accrued interest of: cash and investments	61,966	31,246,577		153,466	31,462,009
Collateral			11,333,234		11,333,234
(b) Multifamily Program:					
Held for designated purposes	$363,668	$ 6,414,549	$ 10,139,248	$25,488,646	$ 72,406,111
Market value, including accrued interest of: cash and investments	363,668	6,160,683		25,342,854	31,867,205
Collateral			36,581,608		36,581,608
(c) Multi-Unit Program:					
Held for designated purposes	72,080		10,664,047	10,681,933	21,418,060
Market value, including accrued interest of: cash and investments	72,080			7,826,997	7,899,077
Collateral			10,609,762		10,609,762
(d) 1979 Housing Program:					
Held for designated purposes	11,175		9,936,726	4,923,321	14,871,222
Market value, including accrued interest of: cash and investments	11,175			3,332,104	3,343,279
Collateral			9,614,640		9,614,640
(e) 1981 Construction Loan Program:					
Held for designated purposes	(176,676)		101,504,595		101,327,919
Market value, including accrued interest of: cash and investments	(176,676)				(176,676)
Collateral			101,791,526		101,791,526
(f) Corporate Services Fund					
Held for operations	149,578	1,496,567	3,891,055		5,537,200
Market value, including accrued interest of: cash and investments	149,578	1,496,567			1,646,145
Collateral			3,382,985		3,382,985
Total carrying value	$481,791	$42,633,751	$178,310,270	$41,224,830	$262,650,642
Total market value of cash and investments, including accrued interest	$481,791	$38,903,827		$36,655,421	$ 76,041,039
Total market value of collateral, including accrued interest			$173,313,755		$173,313,755

6. Bond and Notes Payable:

The Corporation is authorized to issue bonds and notes for its housing programs in an aggregate principal amount oustanding, exclusive of refunding bonds or notes, not to exceed \$1,300,000,000 or such amount which would not cause the maximum capital reserve fund requirement to exceed \$85,000,000; however, the Corporation cannot issue bonds that would cause the maximum capital reserve fund requirement to rise above \$30,000,000 without a concurrent resolution of the Legislature and the Governor's written agreement with such resolution. The Corporation is able to issue bonds for any corporate purpose without making a deposit into a capital reserve fund (except as required by the General Housing Bond Resolution).

Bonds and notes payable comprise the following at October 31, 1981:

(a) General Housing Program:	*Balance, October 31, 1981*	*Current Annual Debt Service*
3.75% to 6.50% Bonds, 1972 Series A, maturing in varying annual instalments through May 2022	\$129,330,000	\$ 9,087,020
3.50% to 7.00% Bonds, 1972 Series B, maturing in varying annual instalments through November 2022	49,540,000	3,075,143
5.70% to 7.00% Bonds, 1973 Series C, maturing in varying annual instalments through May 2023	61,235,000	3,924,448
7.50% Bonds, 1975 Series D, maturing in varying annual instalments through May 2023	15,950,000	1,196,305
9.00% Bonds, 1975 Series E, maturing in varying annual instalments through May 2022	11,110,000	999,900
7.375% Bonds, 1976 Series F, maturing in varying annual instalments through May 2009	9,990,000	851,763
7.375% Bonds, 1978 Series G, maturing in varying annual instalments through May 2009	1,090,000	90,388
	\$278,245,000	\$19,225,267
10.00% Notes, Series XII, maturing November 13, 1981	\$ 35,747,000	

The General Housing Program bonds and notes are general obligations of the Corporation. Substantially all General Housing Program assets are pledged as collateral for the payment of principal and interest on its bonds, other than those pledged as collateral for the payment of principal and interest on its notes.

The Corporation's 10% notes payable are collateralized by the mortgages and the related HUD interest reduction payment contracts of the Knickerbocker Plaza and North Waterside housing companies; On December 22, 1981, the 10% notes payable were refinanced (see Note 11).

(b) Multifamily Program:	*Balance, October 31 1981*	*Current Annual Debt Service*
6.50% maturing in instalments through June 2018	\$295,398,119	\$20,713,001
7% maturing in instalments through December 2018	25,450,302	1,915,958
7.25% maturing in instalments through November 2018	25,773,274	1,968,153
7.031% maturing in instalments through February 2019	16,073,231	1,215,039
7.25% maturing in instalments through February 2019	11,801,078	900,849
	\$374,496,004	\$26,713,000

The primary security for Multifamily Program bonds is the Federal mortgage insurance obtained at the time the mortgages were assigned from the City. Principal and interest are paid only from money received for the account of the insured mortgage securing that series, including payments made by, or on behalf of, the mortgagor or by HUD.

The Corporation may redeem the bonds at any time at an amount equal to the unpaid principal plus accrued interest if the funds are from condemnation awards, casualty insurance proceeds or a prepayment of a related mortgage required by the Federal insurer. Otherwise, a redemption premium of three per cent reduced by one-eighth of one per cent for each elapsed year in excess of 15% of the mortgage prepaid, is required. After July 1, 1997 under the first bond resolution, and November 15, 1998 under the second bond resolution, the City may require the redemption of bonds prior to maturity at 105% of the unpaid principal plus accrued interest.

(c) Multi-Unit Program:	*Interest Rates*	*Balance Outstanding*	*Current Annual Debt Service (Interest Only for Term Bonds*
Serial bonds due in increasing annual amounts beginning in 1982 through 1995	5–8.25%	\$ 10,130,000	\$ 1,180,912
Term bonds due in varying annual instalments beginning in 1996 through 2004	9%	15,360,000	1,382,400
Term bonds due in increasing annual instalments beginning in 2005 through 2012	9.10%	28,355,000	2,580,305
Term bonds due in varying instalments beginning in 2013 through 2021	9.125%	55,130,000	5,030,613
		\$108,975,000	\$10,174,230

The Multi-Unit Program mortgage bonds are special revenue obligations of the Corporation collateralized by substantially all the assets of the program. The bonds may be redeemed at the option of the Corporation beginning in 1990 at 103% of par, decreasing in biennial decrements of 1% until 1996. Thereafter, the bonds can be redeemed at par. The bonds are also subject to redemption at any time at the option of the Corporation at par from any recoveries of mortgage loan principal.

(d) 1979 Housing Program:	*Interest Rates*	*Balance Outstanding*	*Current Annual Debt Service (Interest Only)*
Serial bonds due in increasing annual amounts beginning in 1983 through 1999	6–7%	$11,875,000	$ 777,500
Term bonds due in varying annual instalments beginning in 2000 through 2009	7.375%	10,970,000	809,038
Term bonds due in increasing annual instalments beginning in 2010 through 2021	7.5%	26,775,000	2,008,125
		$49,620,000	$3,594,663

The 1979 Housing Program bonds are limited obligation bonds collateralized by substantially all the assets of the program. The bond may be redeemed at the option of the Corporation beginning in 1989 at 103% of par, decreasing in annual decrements of 1/2% until 1995. Thereafter, the bonds can be redeemed at par. The City may redeem the bonds at 105% of par after October 31, 1999.

(e) 1981 Construction Loan Program:	*Interest Rates*	*Balance Outstanding*	*Current Annual Debt Service (Interest Only)*
Issue A, coupon notes due February 1, 1984	9%	$ 75,775,000	$ 6,819,750
Issue B, coupon notes due September 1, 1984	8.95%	47,000,000	4,206,500
		$122,775,000	$11,026,250

The Construction Loan Program notes are special obligation notes collateralized by substantially all the assets of the program. Issue A notes are not redeemable prior to maturity. Issue B notes are subject to call after February 28, 1984.

Required principal payments for all programs for the next five years are as follows:

Fiscal Year Ending October 31	*General Housing Program*	*Multifamily Program*	*Multi-Unit Program*	*1979 Housing Program*	*1981 Construction Loan Program*
1982	$1,555,000	$1,800,000	$480,000		
1983	1,670,000	$1,812,000	500,000		
1984	1,770,000	$1,824,000	530,000	$415,000	$122,775,000
1985	1,880,000	$1,836,000	560,000	435,000	
1986	2,005,000	$1,848,000	590,000	465,000	

7. Payable to the City of New York:

In accordance with an assignment agreement relating to the Multifamily Program, the Corporation has agreed to remit to the City, among other things, the proceeds from sales of assigned mortgages or sales of limited obligation bonds secured by assigned mortgages, net of certain costs. With the inception of the Multi-Unit Program, amounts previously payable to the City under the Multifamily Program were transferred to the Multi-Unit Program. The changes in the amounts payable to the City during the year were as follows:

(a) Multifamily Program:		
Payable to the City, beginning of year		$11,264,334
Additions:		
Mortgage assigned by the City		3,560,600
Excess funds not required by the Multifamily Program		10,153,479
Interest received on mortgages prior to assignment as collateral for bonds sold		78,739
		13,792,818
Deductions:		
Advances of final mortgage commitments		605,036
Transfers to restricted funds:		
Claim payment fund		178,030
Minimum property standards fund		140,268
Reserves for replacement fund		520,000
Administrative and operating expenses		69,331
Paid to the City		9,825,168
		11,337,833
Payable to the City, end of year		$13,719,319
(b) Multi-Unit Program:		
Addition:		
Excess funds not required by the Multi-Unit Program		$973,757
Deduction:		
Paid to the City		768,130
Payable to the city, end of year		$205,627

8. Fund Balances:

Fund balances comprise the following at October 31, 1981:

	Restricted Funds	*Unrestricted Funds*
General Housing Program:		
Note debt service fund	$ 6,401,665	
Project mortgage loan accounts	1,652,965	
Capital reserve fund	2,734,115	
General reserve fund		$8,997,647
Operating fund		659,575
Bond debt service fund	188,320	
	$10,977,065	**$9,657,222**
Multifamily Program:		
Claim payment fund	$19,984,075	
Reserves for replacement funds	26,608,541	
Minimum property standards fund	299,766	
Revenue fund	3,807,622	
Escrow fund	3,489,434	
Corporate requirement account	1,500,000	
	$55,689,438	
Multi-Unit Program:		
Claim payment fund	$ 5,305,361	
Reserves for replacement funds	2,539,121	
Revenue account	1,270,760	
Escrow fund	1,087,818	
Debt service reserve account	266,527	
Special reserve account	619,453	
	$11,089,040	
1979 Housing Program:		
Debt service reserve account	$ 1,317,654	
Revenue account	1,778,057	
	$ 3,095,711	
1981 Construction Loan Program:		
1981 Issue A accounts	$ 2,536,847	
1981 Issue B accounts	967,327	
	$ 3,504,174	

Transfers to the Corporate Services Fund during the year were as follows:	
Transfers from the General Housing Program:	
Services fees	$ 384,325
Transfers from the Multifamily Program:	
Earnings of escrow and other funds	1,001,772
Service fees	474,856
Transfers from the Multi-Unit Program:	
Earnings of escrow funds	148,514
Service fees	133,654
Excess of bond closing fees over bond closing costs	207,027
Transfers from the 1979 Housing Program:	
Earnings of escrow funds	23,040
Service fees	15,472
Transfers from the 1981 Construction Loan Program:	
Fees and charges	1,115,825
	$3,534,485

The General Housing Program transfer from unrestricted funds to restricted funds consists of amounts transferred to the note debt service fund from the general reserve fund, net of investment earnings transferred from the capital reserve fund to the general reserve fund.

9. Commitments:

See Note 4 for details of mortgage loans and 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 ($68,350 in fiscal 1981).

The Corporation is committed under a lease for office space for an annual rental of $92,029 through October 31, 1985 and for $98,290 from November 1, 1985 through October 31, 1990 when the lease expires.

10. Amounts Held Under HUD Contracts:

The Corporation has entered into contracts with HUD to administer housing assistance payment contracts with housing projects occupied or to be occupied by tenants qualifying for Section 8 housing assistance payments. Pursuant to the contracts, HUD makes annual contributions to the Corporation in an amount equal to the annual assistance payments plus an administrative fee for the Corporation. Funds held by the Corporation on behalf of HUD for housing assistance payments, which are not reflected in the accompanying balance sheet, amounted to $1,197,846 at October 31, 1981. Related fees earned during fiscal 1981 amounting to $113,504 are included in the Corporate Services Fund.

11. Subsequent Events:

(a) On December 22, 1981, the Corporation sold $35,745,000 aggregate principal amount of Multi-Family Housing Variable Rate Annual Tender Bonds. The proceeds were used with other monies to retire the $35,747,000 aggregate principal amount of outstanding notes payable of the General Housing Program. The mortgage loans which collateralized the notes payable now collateralize the newly issued bonds. In connection with this refinancing and in accordance with the new bond resolution, the Corporation transferred $6,521,245 from the General Housing Program note debt service payment fund to pay bond issue costs and to fund a newly created capital reserve fund and a newly created tender agent fund.

(b) On April 15, 1982, the Corporation sold $68,150,000 aggregate principal amount of Construction Loan Notes, 1982 Issue 1 to be used to make the FHA-insured mortgage loans for the new construction or substantial rehabilitation of multi-unit housing projects intended for occupancy by persons of low income.

(c) On April 23, 1982, the Corporation approved the sale of $173,775,000 aggregate principal amount of Multi-family Mortgage Revenue Bonds 1982 Series A (FHA-Insured Mortgage Loans) to be used to provide construction and permanent financing for multifamily housing projects intended for occupancy by persons of low income.

12. Reclassifications:

Certain amounts in the 1980 "Combined Total (Memorandum Only)" column have been reclassified to conform with the 1981 presentation.

AUDITORS' REPORT

To The Members of
New York City Housing Development Corporation:

We have examined the balance sheets of the various funds of NEW YORK CITY HOUSING DEVELOPMENT CORPORATION as of October 31, 1981, and the related statements of revenues and expenses, changes in fund balances and changes in financial position for the year then ended. Our examination was 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 financial statements referred to above present fairly the financial position of the various funds of New York City Housing Development Corporation at October 31, 1981, and the results of their operations, changes in fund balances and changes in financial position for the year then ended, in conformity with generally accepted accounting principles which, with respect to funds existing at October 31, 1980, have been applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

1251 Avenue of the Americas
New York, New York
April 2, 1982.
(except as to Note 11(b) and (c)
for which the date is April 23, 1982).

New York City
Housing Development
Corporation
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