NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

2001 Annual Report

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2001 ANNUAL REPORT

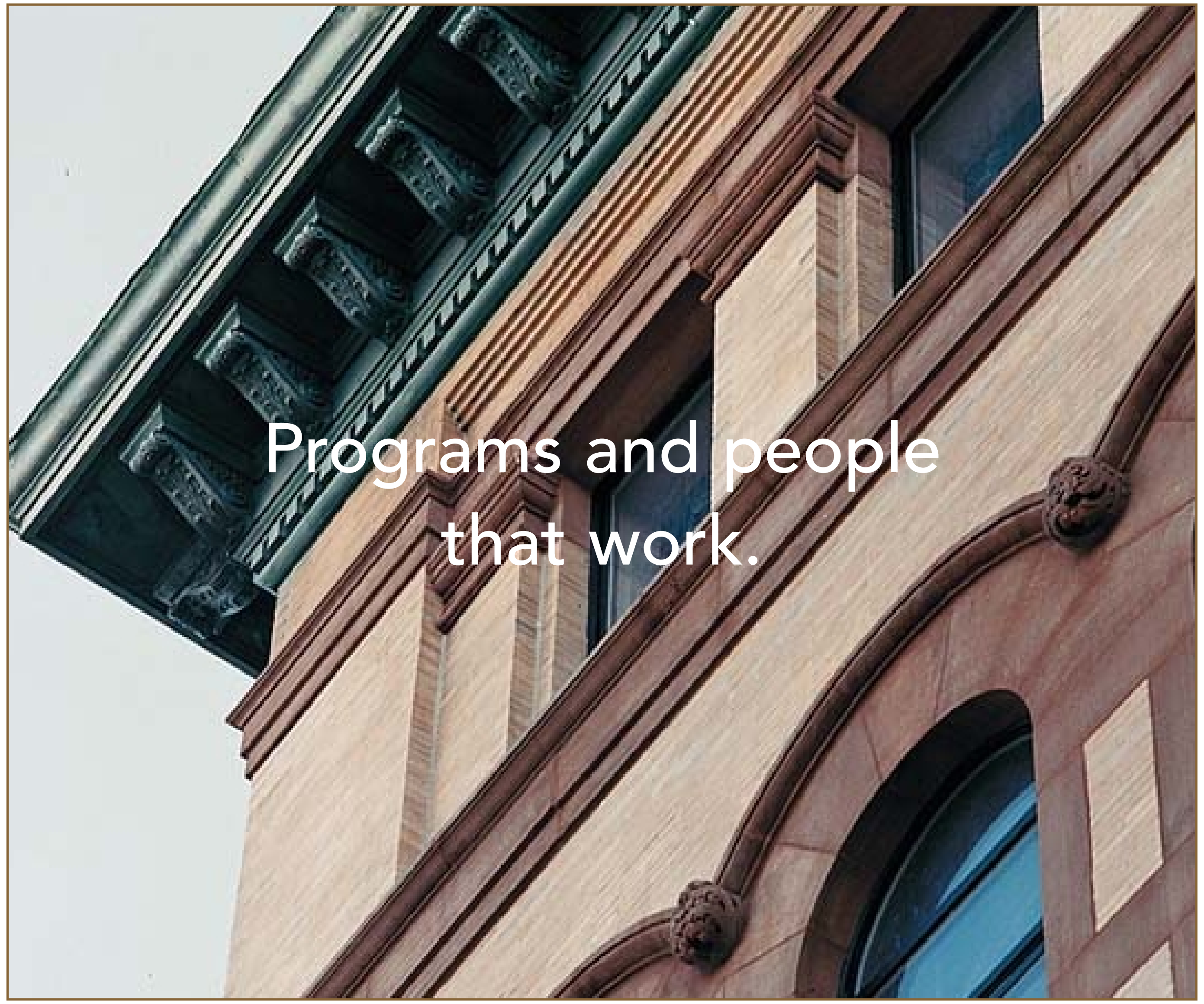
SUBMITTED TO:

HONORABLE MICHAEL R. BLOOMBERG, MAYOR
HONORABLE WILLIAM C. THOMPSON, JR., COMPTROLLER
HONORABLE MARK PAGE, DIRECTOR OF MANAGEMENT AND BUDGET

SUBMITTED BY:

THE CHAIRPERSON AND MEMBERS OF THE
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

About the Cover: HDC provided nearly $40 million in financing to the development of the Renaissance, a 241-unit limited equity cooperative in Harlem.



REPORT OF THE CHAIRPERSON & THE PRESIDENT

Jerilyn Perine
Chairperson

Charles A. Brass
President

On behalf of the Members of the New York City Housing Development Corporation (HDC) and its subsidiary corporations, including the New York City Residential Mortgage Insurance Corporation (REMIC), we are pleased to submit our 2001 Annual Report.

An Excellent Tradition

The New York State Legislature created HDC in 1971, empowering the Corporation with the ability to issue notes and bonds to raise capital to finance the development of affordable housing in New York City. HDC's size, mission and scope of work have expanded dramatically over the course of the past thirty years. Despite setbacks, including the City's Fiscal Crisis and the federal government's reduced support for affordable housing initiatives, HDC continues to operate as one of the nation's leading housing finance agencies. We believe that HDC's overall success is the result of a combination of factors, the most important of which is the Corporation's ability to develop and implement programs that work.

A simple glance at the numbers demonstrates that HDC's programs work. Over the past thirty years, HDC has issued more than $3.4 billion of debt to finance over 74,000 affordable housing units throughout the five boroughs. HDC is the first and only local housing finance agency to receive an "AA" general obligation rating from Standard & Poor's®. But these figures, as impressive as they are, fail to completely convey the effectiveness of HDC's programs.

In its first year in operation, HDC issued $133 million in bonds to finance the development of more than 3,000 units of affordable housing. During the City's Fiscal Crisis, HDC not only helped refinance many of the financially struggling Mitchell-Lama developments, it also generated approximately $500 million for the City's coffers. In the early 1980's, the Corporation's ability to issue tax-exempt debt saved the City's Section 8 and public housing pipeline in the face of skyrocketing interest rates. More recently, HDC's newest programs combine tax-exempt and taxable bond financing, together with the creative use of the Corporation's own reserves, to generate low-, moderate-, and middle-income housing in all five boroughs. Through it all, HDC has utilized its diverse resources and staff to create programs that address the housing needs of New Yorkers, regardless of the decade or the economic or political climate. By adapting according to the needs of the time, HDC has demonstrated a sustained ability to create programs that work for New York City.

Throughout this report, we will also be highlighting four qualities of HDC that we believe have contributed to our success. These qualities—creativity, dedication, flexibility, and financial strength—have helped HDC to become one of the leading housing finance agencies in the country.

A Year of Innovation

During 2001, HDC drew on these qualities to have one of its most successful years to date. The Corporation issued more than $229 million tax-exempt and taxable bonds to provide financing for 1,226 units of affordable housing throughout the City. Additionally, HDC re-funded more than $189 million in bonds, generating additional capital for the Corporation to enable HDC to finance even more affordable housing in the future.

HDC's financing of the redevelopment of West 148th Street in Harlem demonstrated the Corporation's qualities of flexibility and creativity. This stretch of West 148th Street, between Adam Clayton Powell, Jr., Boulevard and Frederick Douglass Boulevard, is the last completely uninhabited residential block in Manhattan. When the first two phases of the block's rebirth are completed, 187 rehabilitated units of housing for very low-, low-, and middle-income New Yorkers will have been created. The project is further unique in its financing; for the first time, HDC used tax-exempt financing in conjunction with its New HOP Program, which provides middle-income housing. The result is a hybrid of the New HOP and 80/20 Programs; eighty percent of the units financed through this new application of New HOP will be rented to moderate- and middle-income New Yorkers while the remaining twenty percent will be set aside for very low- and low-income New Yorkers. The second phase of the block's renewal is being financed through HDC's 100% LITE Program in which all the units will be set aside for families earning less than sixty percent of the area median income.

By committing to provide more than $13 million in financing for two limited equity cooperative developments, HDC also demonstrated its continuing commitment to the revitalization of Harlem. Madison Park Apartments, containing 128 units, and Harriet Tubman Gardens, with 74 units, will bring much needed homeownership opportunities for middle-income New Yorkers.

In recognizing the limited availability of yearly tax-exempt bond allocations, HDC created the Taxable 80/20 Program, which utilizes taxable bond financing in combination with a subsidy from the Corporation to finance the development of low- and moderate-income apartments. HDC celebrated the opening of the first development financed through this program, Chelsea Centro, a $100 million 355-unit development, in July of 2001. As the year ended, HDC worked to complete the financing arrangements for a second 259-unit Taxable 80/20.

The past year was one of record accomplishments for REMIC. The HDC subsidiary continued to expand its role in helping to establish, strengthen, and maintain the available stock of affordable housing throughout all areas of New York City, while providing insurance commitments for the greatest dollar volume of mortgages in the Corporation's history ($79.7 million, a thirty percent increase over last year's record breaking amount). In addition, REMIC posted a record net income of $2.3 million, further enhancing its capacity to provide mortgage insurance in the future.

HDC made several important changes and improvements internally that also demonstrate the Corporation's dedication and responsibility to New Yorkers as well as the people that purchase our bonds.

The Corporation improved its technology capabilities by developing a Bond Archives section for its Web site. In this section, visitors can view Official Statements, Material Event Notices, and various other documents that previously existed only in hard copy format. Additionally, in the upcoming fiscal year, HDC will launch its Extranet for Developers, which will allow owners and their managing agents to access information about their accounts with HDC via a secure connection to our server.

Finally, HDC developed and implemented a disaster recovery plan in an effort to preserve and secure important HDC information and functions in the event of a disaster. The plan consists of several components which, taken together, assure the smooth operation of HDC following events such as the terrorist attack on the World Trade Center. First, HDC maintains a pre-configured "hot site" where staff can regain access to server information and continue to provide full services within twenty-four hours of a disaster. This is made possible through the second component of the disaster recovery plan, whereby HDC backs-up its entire system onto tapes and has them removed to an off-site location every day. Finally, HDC staff worked tirelessly to develop a detailed plan of action for employees to follow in the event of a disaster. Fortunately, this disaster recovery plan was in place on September 11th, and HDC was able to implement the plan to maintain the corporation's functions in the immediate days following the attack. Particularly, the Cash Management staff was able to ensure that HDC's debt service payments were made even though HDC's offices were inaccessible for nearly two weeks.

A Time of Reflection

All anniversaries, whether they are for weddings or companies, are a time to reflect on the changes that have occurred since that date of inception that is celebrated. For us at HDC this tradition of reflection has been a particularly poignant one given the events of September 11th.

In its very first annual report, HDC proudly reported its financing commitment to a development called Washington Plaza Towers, later to be renamed Independence Plaza. The development was to contain 1,330 units and was to be located just north of the newly completed World Trade Center. Thirty years later, Independence Plaza still provides quality affordable housing, as do all of the 74,000 apartments for which the Corporation has provided financing.

Of course, there was no way to foresee the tragedy that would befall the Twin Towers and all who perished there. In looking back at that first annual report, however, we are reminded of the optimism of which we as New Yorkers are capable. We hope that decades from now our successors will read 2001's Annual Report and recognize our own optimism in the face of extremely trying times. As HDC enters its fourth decade, the City faces the enormous task of rebuilding Lower Manhattan following the terrorist attack of September 11th. Widening budget gaps in the face of the economic downturn that befell the City following 9/11 will make HDC's task of financing affordable housing more difficult. However, the Corporation is ready to meet the challenges ahead. We look forward to playing an active role in financing the residential component of the rebirth of downtown Manhattan as we continue to expand our efforts to fund the development of affordable housing throughout the City. There has never been a time when the creativity, dedication, flexibility, and financial strength of the Corporation have been more needed than now.

Jerilyn Perine
Chairperson

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President

CREATIVITY

1971: The fourth place New York Yankees watched the Pittsburgh Pirates play the Baltimore Orioles in the first World Series night game, John Lindsay was serving his last term as Mayor, and the State Legislature created HDC in response to the City's need to be able to access capital markets for affordable housing. New York was a different place thirty years ago, economically, socially, and politically.

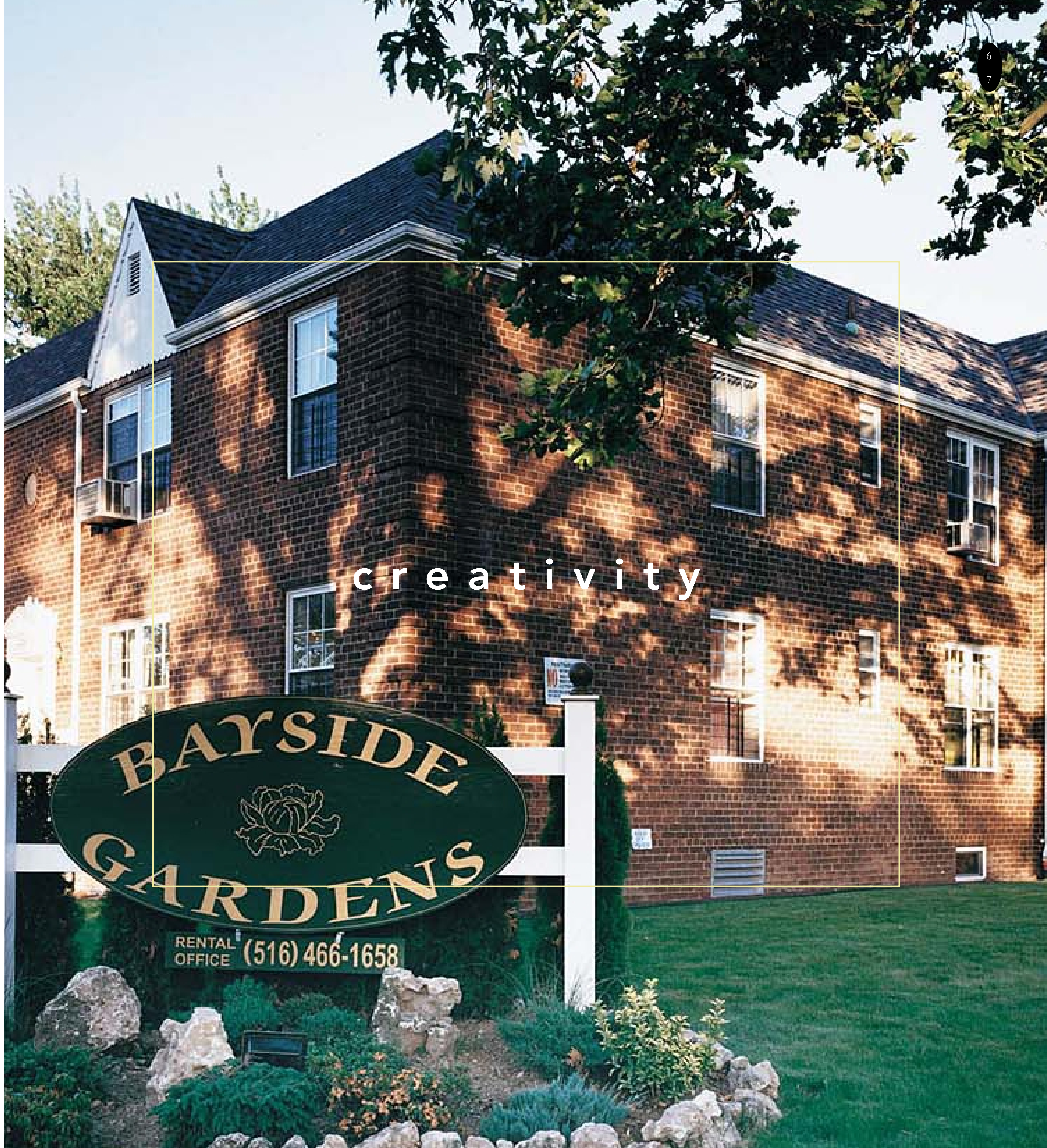
Since then our City has faced the Fiscal Crisis of the 1970's, a severe housing shortage for the working poor, a dramatic population shift in boroughs outside of Manhattan, and a middle-income housing crunch which resulted in an exodus of one of the economic mainstays of the City.

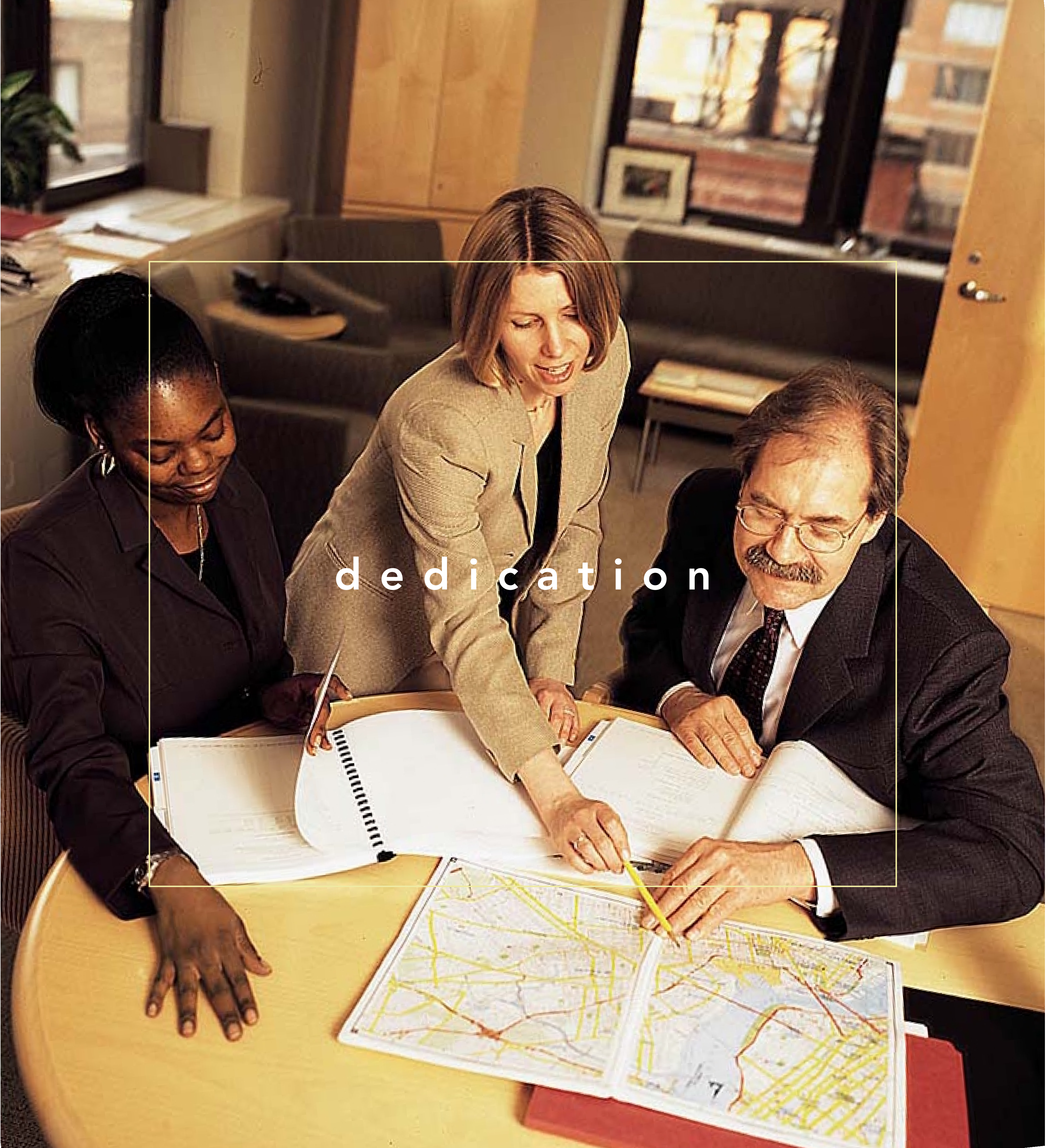
Changes are a way of life in New York City, and HDC has successfully adjusted to each one by being creative, innovative, and responsive.

Whether it was HDC's refinancing of Mitchell-Lama mortgages to help the City during the Fiscal Crisis, the Corporation's financing of federally subsidized Section 8 housing and public housing, or the innovative use of Volume Cap, HDC has always demonstrated a creative response to the nature of the times and to the nature of the problems that the City has faced.

Our most recent efforts continue to demonstrate the Corporation's ability to create new programs responsive to the needs of New Yorkers. New HOP, designed to develop middle-income rental and cooperative housing, has financed almost 3,000 units of affordable housing and stimulated more than a half billion dollars of construction throughout the five boroughs in just the past four years. The award-winning 100% Low-Income Tax-Exempt Program provides tax-exempt bond financing to developers to induce them to develop rental housing, of which one hundred percent of the units are affordable to low-income families earning less than sixty percent of the City's median income. This program has created nearly 3,000 units of low-income housing and $400 million in construction in that same time period. Our Affordable Housing Permanent Loan Program (AHPLP) has allowed the Corporation to set aside more than $87 million of its own reserves and taxable bond proceeds to provide permanent financing for projects that also receive other government subsidies. To date we have financed or committed to finance more than 3,500 units of affordable rental housing under the program. Lastly, the Corporation's 80/20 Program has financed more than 7,700 mixed-income rental housing units, primarily in Manhattan.

FACING PHOTO:
In 1998, HDC financed Bayside Gardens, a unique 26-unit middle-income development in Queens.





DEDICATION

In its three decades of existence, HDC has established a reputation of unparalleled quality within the housing community. This community includes developers, financial investors, rating agencies, and those individuals and families who eventually come to live in the developments that HDC helps to finance and build.

This reputation is the result of the dedication that the HDC staff has demonstrated in all aspects of its work.

HDC and its subsidiary, the Housing New York Corporation, currently have nearly $3 billion of bonds outstanding. Yet, bond buyers and the rating agencies know that HDC has never defaulted on a bond payment, demonstrating the Corporation's dedication to fiscal integrity.

30 YEARS

Developers have faith that we will work with them to supply the financing necessary to create quality, affordable housing. HDC has provided construction and permanent loans for the acquisition, refinancing, construction and rehabilitation of over 74,000 units of affordable housing, signifying the Corporation's dedication to helping those who want to build quality affordable housing in New York City.

New Yorkers who inhabit HDC financed developments can be assured that our involvement does not end after the final bricks have been laid. The Corporation supervises the marketing of apartments, reviews income certification of applicants, and oversees lottery drawings of applicants, all to ensure a fair and equitable process of allocating units.

After the apartments are occupied, HDC monitors the physical and financial stability of projects through annual inspections and financial viability analyses. When a project does experience unanticipated financial problems, the Corporation's staff helps to establish and oversee rehabilitation and financial workout plans. In such ways, the Corporation has demonstrated its dedication to the tens of thousands of families who now reside in HDC financed housing throughout the City.

FACING PHOTO:
Dedicated HDC staff members carefully analyze development proposals to ensure their financial and physical viability.

FLEXIBILITY

Long before it was fashionable, HDC was working to reduce bureaucracy and cut red tape. In fact, HDC's programs are tailored to be as accommodating as possible to builders of affordable housing in New York City while at the same time ensuring quality physical and fiscal standards for the overall good of the tenants and the neighborhoods in which these developments are located. Whether applying for tens of millions of dollars in financing for the development of a large newly constructed mixed-use 80/20 development or for a $100,000 loan to rehabilitate a small, multiple-dwelling building, for-profit and not-for-profit developers alike find the process smooth and efficient.

In today's fast-paced world and ever changing financial market, the ability to accommodate the needs of affordable housing developers, construction lenders, and other development partners puts HDC at the top of its field. In describing two developments his company has constructed through HDC's New Housing Opportunities Program (New HOP), Robert Ezrapour of Artimus Construction remarked, "The deals were thoroughly and efficiently analyzed by the underwriting staff, the commitments were issued in a timely fashion, and the closing attorneys completed the cycle rapidly."

HDC understands that every development project has different needs and different goals. Simply put, one size does not fit all. HDC takes the time and effort to analyze each and every potential development. Working with other private sector and governmental lenders, HDC's staff makes informed recommendations and decisions based on this careful analysis and years of experience to maximize the benefits of the Corporation's investments in affordable housing development.

In the end, HDC's flexible programs and staff facilitate the swift development of projects, thereby helping to increase the supply of quality affordable housing in New York City.

FACING PHOTO:

On the left, the completed Brook Avenue Gardens. On the right, the second phase of development involving the complete rehabilitation of an adjacent building. Both are financed through HDC's 100% LITE Program.

FINANCIAL STRENGTH

As a public benefit corporation chartered by the State, HDC has a responsibility both to New York City residents and to its investors. In the thirty years since its inception, HDC has proven itself a solid and profitable investment option and has successfully employed its funds to finance the development of more than 74,000 affordable housing units for the people of the Bronx, Brooklyn, Manhattan, Queens, and Staten Island.

By generating its own operating budget, HDC is and always has been completely self-sufficient. This means the City can rely on continued financial support for it's affordable housing initiatives. In addition to funding its own operating budget, HDC utilizes its Corporate Reserves to expand the Corporation's financing capabilities. Virtually all of the Corporation's net operating income is now being made available to fund the construction and preservation of affordable housing throughout the City of New York. We believe that the Corporation's commitment to utilizing its own reserves for affordable housing is unparalleled.

Such prudent investment, combined with sensible underwriting and the fact that HDC has never defaulted on a bond payment, has led Standard and Poor's® to award the Corporation an "AA" general obligation rating. HDC is the first and only municipal housing finance agency to earn such a rating. In awarding the rating, Standard and Poor's noted HDC's excellent core financial staff and their "proven expertise in financial management, underwriting, and oversight."

Because of its rock-solid record in investment and underwriting, HDC has become the nation's leading local housing finance agency, a distinction for which the Corporation is extremely proud.

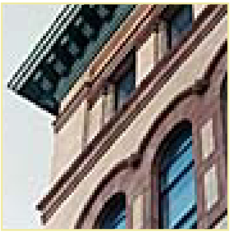
FACING PHOTO:
HDC's exemplary record of financial strength has empowered the Corporation and its staff to further expand the availability of affordable housing financing.

SPANNING THIRTY YEARS

The New York City Housing Development Corporation was created by the State of New York on June 17, 1971, as a supplementary and alternative means of financing the City's planned Mitchell-Lama developments. Though the City had already expended over one billion dollars in financing such housing, hundreds of millions of dollars worth of projects required further financing. The State authorized HDC to sell bonds in order to raise the necessary funds for these projects. Over its three decades in existence, HDC has surpassed its original mission to become one of the nation's leading housing finance agencies.








30 years of excellence

The 1970's

- 1972: HDC becomes fully operational in May of 1972 and conducts its first bond sale for $133 million in August.
- 1973-1974: Proceeds from HDC's first three bond sales finance the development of more than 5,800 units in six large developments in Manhattan, Brooklyn, and Queens.
- 1975: Despite the City's deepening Fiscal Crisis, HDC completes financings for the remaining new construction projects in the City's Mitchell-Lama pipeline, including the last 900 units of federally subsidized Section 236 low-income housing. In its first four years of existence, HDC provides over $300 million in financing to fund the new construction and rehabilitation of 8,036 units of low-, moderate-, and middle-income housing.
- 1977: HDC assists the City in extricating itself from the Fiscal Crisis by beginning to refinance the City's existing Mitchell-Lama portfolio. Working with the Federal Housing Administration, by 1980, HDC refinances 88 developments containing nearly 29,000 apartments, generating $500 million for the City.

The 1980's

- 1982: HDC continues its ambitious effort, begun in 1979, to finance federally subsidized Section 8 housing. Faced with the highest interest rates in the post-World War II era, HDC markets over $240 million in tax-exempt obligations to provide financing for 41 developments containing over 4,200 low-income units.
- 1983-1984: By the end of 1984, HDC provides $570 million in financing for over 10,000 units of Section 8 housing which the City had been awarded prior to the Federal government's 1981 withdrawal from its historical role in providing affordable housing for low- and moderate-income families. During this period, HDC also provides $218 million in construction financing for over 3,800 units of Public Housing.
- 1984: HDC inaugurates its 80/20 mixed-income rental housing program with the issuance of variable rate bonds, backed by a commercial bank letter of credit, to provide financing for the 460-unit Carnegie Park development in the Ruppert Brewery Urban Renewal Area of Manhattan. This financing symbolizes the City's resurgence, as the provision of the low-income units in 80/20 developments is made possible by the rent levels paid by the market rate tenants.
- 1985: In a year of unprecedented activity, HDC finances seven 80/20 developments containing 2,150 units. Five of the projects, spanning a ten-block area from West 87th to 97th Streets on Columbus Avenue, permit the City to substantially complete the West Side Urban Renewal Area. In conjunction with HPD, HDC also finances 2,640 units of moderately rehabilitated housing and over 400 units of newly constructed moderate-income rental housing subsidized by the City with surplus funds of the Municipal Assistance Corporation.
- 1986: Congress passes the Tax Reform Act, which severely limits the issuance of tax-exempt bonds to finance affordable housing.
- 1987: The Housing New York Corporation, an HDC subsidiary, raises $142.6 million to finance the renovation of 59 vacant City-owned buildings in Harlem and the South Bronx containing 1,620 units of homeless and low-income housing. The financing is made possible by State legislation that creates the Housing New York Corporation and authorizes it to issue bonds that are to be repaid from revenues generated by the Battery Park City Authority. The City incorporates the Housing New York Program into a multi-billion dollar Ten-Year Housing Program to build, rehabilitate, and preserve 250,000 affordable housing units, the most comprehensive municipally funded housing program in the nation's history.
- 1988: HDC commences its Development Services Program by committing its reserves to fund loans to not-for-profit corporations developing homeless and low-income housing under various City programs. In its first effort, HDC provides $2.5 million in interest free Seed Money Loans to eighteen not-for-profit sponsors of HPD's Capital Budget Homeless Housing Program projects permitting them to fund various pre-development expenses. The HDC loans leverage $71.7 million in funds that rehabilitate 874 units for homeless individuals with special needs.

The 1990's

- 1990: HDC's role in affordable housing is broadened with the initiation of a tax-exempt bond program for limited-equity cooperatives. The Corporation sells $18.215 million in bonds to fund the permanent mortgages of a 105-unit cooperative located in the Williamsburg section of Brooklyn and four cooperatives being developed in the South Bronx.
- 1991: HDC significantly expands its award winning Development Services Program by committing an additional $6.875 million in interest free Working Capital Loans to the not-for-profit sponsors of HPD's Special Initiatives, Community Management and Mutual Housing Association Programs. NCSHA recognizes HDC's Development Services Program as the "most outstanding" program in the nation serving low-income families through the provision of special needs housing.
- 1992: The New York City Residential Mortgage Insurance Corporation (REMIC) becomes a subsidiary of HDC, with greatly expanded powers. In the decade that follows, REMIC provides Commitments to Insure on almost $250 million in mortgages for nearly 8,000 affordable units of housing.
- 1993: HDC creates its Open Resolution, which allows the Corporation to periodically issue bonds to finance a variety of affordable housing projects without having to obtain credit enhancement on each project to get an investment grade rating on the Open Resolution bonds.
- 1994: HDC issues $141.7 million in tax-exempt bonds to finance the development of Manhattan West, a 1,000-unit 80/20 new construction mixed-use project, the first large-scale apartment house developed in the City following the recession of the early 1990's.
- 1996: HDC commits to provide an additional $15 million to expand its permanent loan program for buildings renovated in conjunction with funds from HPD.
- 1997: The Corporation initiates its award-winning 100% LITE Program combining tax-exempt bonds with other subsidy programs for financing affordable rental housing. Standard & Poor's confers an "AA" rating on HDC's general obligations. HDC is the first and only local housing finance agency in the nation to receive such a rating.
- 1998: HDC initiates its New Housing Opportunities Program (New HOP). Specifically designed to increase the supply of housing affordable to moderate- and middle-income New Yorkers, New HOP is the first such program to assist this market since the demise of the Mitchell-Lama Program. Since its inception, New HOP has provided more than $500 million in financing towards the development of more than 3,500 units.
- 1999: HDC finances the first Taxable 80/20 development, Chelsea Centro, using taxable instead of tax-exempt bonds, stretching the availability of this scarce resource.

2000 and Beyond

- HDC finances the rehabilitation of West 148th Street, re-emphasizing the Corporation's commitment to Harlem. Through the sale of more than $20 million in tax-exempt bonds, HDC is providing below market rate financing through two programs, New HOP and 100% LITE, to fund the rehabilitation of an entire block of vacant buildings.
- Since its creation, HDC has issued more than $3.4 billion of debt to finance over 74,000 affordable housing units throughout the five boroughs.

PROJECTS CURRENTLY FINANCED BY THE CORPORATION

General Housing Program

Project Name	Loan Amount	Number of Units
Brooklyn		
Linden Plaza	$ 50,345,450	1,527
Manhattan		
Independence Plaza	$ 64,594,680	1,332
Knickerbocker Plaza	$ 24,844,100	578
Yorkville Towers	$ 62,717,942	1,258
Queens		
Ocean Park	$ 18,265,900	602
Total	$220,768,072	5,297

Mitchell-Lama (223-F Refinancings)

Project Name	Loan Amount	Number of Units
Bronx		
Einstein Staff Housing	$ 8,783,100	634
Boulevard Towers I	$ 3,299,300	329
Boulevard Towers II	$ 6,764,600	356
Bruckner Towers	$ 2,656,500	208
Candia House	$ 1,406,600	103
Carol Gardens	$ 3,330,000	314
Corlear Gardens	$ 972,100	117
Delos House	$ 1,557,100	124
Fordham Towers	$ 1,296,100	168
Janel Towers	$ 3,916,200	229
Keith Plaza	$ 6,819,800	301
Kelly Towers	$ 4,528,800	301
Kingsbridge Apts.	$ 2,000,000	90
Kingsbridge Arms	$ 769,700	105
Montefiore Hospital II	$ 7,662,400	398
Noble Mansion	$ 2,618,800	236
Robert Fulton Terrace	$ 2,357,900	320
Scott Towers	$ 2,748,700	351
Stevenson Commons	$ 25,000,000	947
University River View	$ 5,798,800	225
Woodstock Terrace	$ 2,213,400	319
Brooklyn		
Atlantic Plaza Towers	$ 5,375,400	716
Atlantic Terminal 2C	$ 4,677,500	200
Atlantic Terminal 4A	$ 6,949,400	304
Brighton House	$ 1,477,000	191
Cadman Plaza North	$ 2,081,300	250
Cadman Towers	$ 9,487,100	421
Contello III	$ 1,277,900	160
Crown Gardens	$ 5,882,600	238
Essex Terrace	$ 1,750,000	104
Middagh Street Apts.	$ 1,008,800	43
Prospect Towers	$ 2,193,800	153
Tivoli Towers	$ 8,098,200	302

Mitchell-Lama (223-F Refinancings) *(continued)*

Project Name	Loan Amount	Number of Units
Manhattan		
1199 Plaza	$ 39,920,500	1,586
Beekman Staff Residence	$ 1,226,300	90
Bethune Towers	$ 1,518,400	133
Clinton Towers	$ 10,298,500	396
Columbus House	$ 3,502,500	248
Columbus Manor	$ 2,500,000	202
Columbus Park	$ 1,467,900	162
Confucius Plaza	$ 23,390,400	760
Cooper-Gramercy	$ 4,766,100	167
East Midtown Plaza	$ 17,157,400	746
Esplanade Gardens	$ 14,437,500	1,870
Glenn Gardens	$ 8,196,000	266
Goddard Towers	$ 2,381,600	193
Gouveneur Gardens	$ 5,993,600	778
Heywood Towers	$ 5,398,100	188
Hudsonview Terrace	$ 11,546,500	395
Jefferson Towers	$ 1,619,000	189
Lands End I	$ 7,226,800	250
Leader House	$ 6,269,400	279
Lincoln-Amsterdam	$ 6,031,500	186
New Amsterdam House	$ 6,461,300	228
RNA House	$ 1,841,600	207
Riverbend	$ 8,267,900	622
Riverside Park	$ 26,028,300	1,190
Rosalie Manning Apts.	$ 903,800	108
Ruppert House	$ 16,778,000	652
St. Martin's Tower	$ 2,865,500	179
Strycker's Bay	$ 1,971,800	233
Tower West	$ 3,996,100	216
Town House West	$ 1,100,000	47
Tri-Faith House	$ 1,494,800	147
Trinity House	$ 2,540,500	199
Village East Towers	$ 3,560,600	434
Washington Sq., S.E.	$ 1,905,200	174
West Side Manor	$ 3,147,200	245
West Village	$ 12,034,500	420
Westview Apartments	$ 1,656,000	137
Westwood House	$ 1,500,000	124
Queens		
Bay Towers	$ 5,476,900	374
Bridgeview III	$ 1,951,600	170
Court Plaza	$ 5,370,800	246
Dayton Towers	$ 14,871,800	1,752
Forest Hills Crescent	$ 1,757,600	240
Goodwill Terrace	$ 3,606,100	207
Seaview Towers	$ 13,264,700	461
Sky View Towers	$ 3,910,900	232
Staten Island		
North Shore Plaza	$ 17,156,100	535
Total	$487,026,500	28,120

Section 8 Program

Project Name	Loan Amount	Number of Units
Bronx		
2404, 2412, 2416 Crotona Avenue	$ 3,222,800	74
Academy Gardens	$ 18,120,300	471
Brookhaven I	$ 5,673,500	95
Clinton Arms	$ 4,962,700	86
Felisa Rincon de Gautier Houses	$ 7,420,400	109
McGee Hill Apts.	$ 3,677,200	59
McKinley Manor	$ 3,738,100	60
Miramar Court	$ 4,895,900	90
Rainbow Plaza	$ 9,088,200	127
SEBCO/Banana Kelly	$ 4,510,200	65
Target V—Phase I	$ 5,552,100	83
Thessalonica Courts	$ 13,940,000	192
Villa Alejandrina	$ 4,084,600	71
Washington Plaza	$ 4,954,000	75
Woodycrest Court II	$ 3,199,800	58
Brooklyn		
1650 President Street	$ 2,411,200	48
Boro Park Courts	$ 8,459,100	131
Crown Heights Dev. 1	$ 2,197,400	36
Crown Heights Dev. 2	$ 1,744,700	32
Fulton Park Sites 7 & 8	$ 13,780,700	209
La Cabana	$ 9,603,700	167
President Arms Apts.	$ 1,326,500	32
Prospect Arms Apts.	$ 3,505,700	91
Manhattan		
Caparra La Nueva	$ 5,908,800	84
Charles Hills Towers	$ 7,373,200	101
Cooper Square	$ 10,678,100	146
Ennis Francis Houses	$ 16,794,100	230
Hamilton Heights Terrace	$ 8,654,300	132
Lexington Gardens	$ 7,749,800	108
Lower East Side—Phase I	$ 5,665,000	100
Metro North Court	$ 6,063,300	91
Revive 103	$ 4,318,100	60
Will' A View Apts.	$ 3,777,300	55
Total	$217,050,800	3,568

80/20 New Construction Program

Project Name	Loan Amount	Number of Units
Manhattan		
520 West 43rd Street	$ 55,070,000	375
400 West 59th Street	$150,000,000	722
189 West 89th Street	$ 53,000,000	265
251 West 94th Street	$ 89,000,000	284
600 Columbus	$ 24,600,000	166
The Brittany	$ 57,000,000	272
Carnegie Park	$ 70,000,000	462
Columbus Green	$ 14,500,000	95
James Tower	$ 30,000,000	201
Parkgate	$ 37,315,000	207

80/20 New Construction Program *(continued)*

Project Name	Loan Amount	Number of Units
Key West	$ 49,000,000	207
Manhattan Park/Roosevelt Isl.	$ 158,466,700	1,107
The Monterey	$ 104,600,000	522
Tribeca Tower	$ 55,000,000	440
Village West	$ 18,675,000	148
The Westmont	$ 24,200,000	163
West End Towers	$ 156,086,600	1,000
2521-37 Broadway	$ 89,000,000	285
West 54th Street Development	$ 60,400,000	222
Chelsea Centro	$ 72,100,000	356
130 West 15th Street	$ 56,000,000	213
520 West 48th Street	$ 22,500,000	109
Queens		
The Bristol	$ 5,620,000	66
Total	$1,452,133,300	7,887

Moderate-Income Rental Housing Program

Project Name	HDC Loan	HAC Loan	Number of Units
Bronx			
St. Edmond's Court	$ —	$ 5,550,000	111
2051 Grand Concourse*	$ 4,450,000	$ —	63
Brooklyn			
1010 Development*	$ 919,800	$ —	16
405 Development	$ —	$ 945,000	24
196 Rockaway Parkway	$ —	$ 2,617,000	71
255 Ocean Avenue	$ —	$ 1,808,000	40
Golden Gates Apts.	$ —	$ 4,225,000	85
Manhattan			
Logan Plaza*	$10,291,000	$ 1,845,407	130
Two Bridges	$ 8,241,997	$ —	198
Upper Fifth Avenue	$10,000,000	$ 9,245,100	151
Queens			
Astoria Apartments	$ 2,193,200	$ 3,951,500	62
Queenswood	$11,200,600	$17,929,100	296
Scheur House of Flushing*	$13,229,700	$ —	155
Staten Island			
Harbour View*	$ 9,713,500	$ —	122
Total	$70,239,797 (HDC)	$48,116,107 (HAC)	1,524

*Project receives annual subsidy from the Housing Assistance Corporation

Hospital Staff Housing

Project Name	Loan Amount	Number of Units
Bronx		
Montefiore Medical Center	$ 8,400,000	116
Manhattan		
Beth Israel	$ 36,600,000	236
New York Hospital	$115,582,688	520
Total	$160,582,688	872

PROJECTS CURRENTLY FINANCED BY THE CORPORATION

Cooperative Housing

Project Name	Loan Amount	Number of Units
Bronx		
South Bronx Cooperatives:		
Daly Avenue	$ 1,888,304	32
Tremont-Vyse I	$ 1,416,228	24
Tremont-Vyse II	$ 1,062,171	18
Tremont-Vyse III	$ 1,770,285	30
Brooklyn		
South Williamsburg	$ 6,645,000	105
Manhattan		
Maple Court	$ 11,863,627	135
Maple Plaza	$ 16,750,000	155
Madison Park Apartments	$ 3,750,000	129
Harriet Tubman Apartments	$ 2,960,000	74
Total	$ 48,105,615	702

Housing New York—Construction Management Program

Project Name	Loan Amount	Number of Units
Bronx		
New Settlement Apts.	$ 99,185,602	893
Manhattan		
NYC Housing Authority Harlem Site	$ 43,414,398	664
Total	$142,600,000	1,557

Assisted Living/Senior Housing Program

Project Name	1st Mortgage Amount	2nd Mortgage Amount	Number of Units
Manhattan			
de Sales Assisted Living Project	$20,665,000	$ 960,000	127
Village Care	$10,350,000	$ 2,000,000	85
Carnegie East	$30,115,000	$ —	104
Brooklyn			
55 Pierrepont Development	$ 6,100,000	$ —	189
Total	$67,230,000	$ 2,960,000	505

New Housing Opportunities Program

Project Name	1st Mortgage Amount	2nd Mortgage Amount	Number of Units
Bronx			
Palmer Court	$12,100,000	$ 3,040,000	135
3815 Putnam Avenue	$ 6,870,000	$ 1,820,000	91
Brooklyn			
287 Prospect Avenue	$ 4,740,000	$ 886,000	52
79 Clifton Place	$ 3,800,000	$ 720,000	40
421 DeGraw Street	$ 7,713,000	$ 1,710,000	90
471 Vanderbilt Avenue	$ 2,330,000	$ 520,000	26
597 Grand Avenue	$ 3,617,000	$ 1,462,000	52
167 Clermont Avenue	$10,340,000	$ 2,200,000	110
139 Emerson Place	$ 4,000,000	$ 1,250,000	50
800 Bergen Street	$ 1,570,000	$ 1,280,000	32
64 West 9th Street	$ 3,060,000	$ 725,000	26

New Housing Opportunities Program *(continued)*

Project Name	1st Mortgage Amount	2nd Mortgage Amount	Number of Units
Manhattan			
Central Harlem Plaza	$ 31,615,000	$ 6,935,000	241
394 East 8th Street	$ 4,047,000	$ 950,000	38
2230-2232 Frederick Douglass Boulevard	$ 3,820,000	$ 1,275,000	51
2232, 2295-97 First Avenue	$ 1,910,000	$ 630,000	21
Queens			
39-07 208th Street	$ 2,092,000	$ 500,000	26
136-43 37th Avenue	$ 6,685,000	$ 1,340,000	60
58-12 Queens Boulevard	$ 12,825,000	$ 2,250,000	122
65-84 & 66-08 Austin Street	$ 12,000,000	$ 2,250,000	132
32-08 Union Street	$ 2,770,000	$ 642,500	25
137-02 Northern Boulevard	$ 7,200,000	$ 1,775,000	71
136-14 Northern Boulevard	$ 7,000,000	$ 1,950,000	60
159-24 71st Avenue	$ 17,200,000	$ 2,650,000	137
140-26 Franklin Avenue	$ 5,451,000	$ 1,415,000	54
14-56 31st Drive	$ 7,400,000	$ 1,450,000	60
Staten Island			
Celebration Townhouse	$ 8,715,000	$ 1,030,000	74
Total	$189,870,000	$ 42,655,500	1,876

100% Low-Income Tax-Exempt Bond Program

Project Name	Loan Amount	Number of Units
Bronx		
St. Ann's Apartments	$ 3,400,000	60
2035 Marmion Avenue	$ 6,700,000	90
918 Ogden Avenue	$ 9,000,000	120
725 & 737 Fox Street	$ 7,000,000	106
Brooklyn		
46-58 Sullivan Street	$ 1,300,000	20
Spring Creek IV	$ 6,000,000	83
219 Sackman Street	$ 2,400,000	38
Linden Mews	$ 2,800,000	36
Manhattan		
208, 212-218 West 133rd Street	$ 3,000,000	55
70-74 East 116th Street	$ 1,600,000	23
Tony Medez Apartments (75 East 116th Street)	$ 11,440,000	130
Queens		
Beach 24th & Seagirt Avenue	$ 9,800,000	122
Total	$113,340,000	1,545

Rehabilitation Loan Program

Project Name	Loan Amount	Number of Units
Bronx		
Allerton Coops	$ 6,094,365	698
Lewis Morris Apts.	$ 11,363,700	271
1290/1326 Grand Concourse	$ 3,680,000	104
Artist's Housing	$ 915,400	23
Robin Housing	$ 2,977,600	101
591 East 165th Street	$ 239,400	30
988, 992 Boston Road	$ 122,800	31
1038-1077 Boston Road	$ 911,334	149
675 Coster Street	$ 297,823	33
889, 890 Dawson Street	$ 1,120,000	96
Sheridan Manor	$ 10,979,000	450
651 Southern Boulevard	$ 167,250	41
302 Willis Avenue	$ 373,000	35
1296 Sheridan Avenue	$ 2,537,000	59
1740 Grand Avenue	$ 1,107,738	92
1985 & 1995 Creston Avenue	$ 1,002,048	85
240 East 175th Street	$ 963,750	119
1227 Boston Rd., 750 East 169th Street	$ 456,000	47
1046-1050 Hoe Avenue	$ 1,320,000	42
1189 Sheridan Avenue	$ 455,000	48
1180 Anderson Avenue	$ 294,000	41
887 & 889 Hunts Point Avenue	$ 1,237,161	45
263 East Tremont Avenue & 1911 Anthony Avenue	$ 1,207,706	31
454-464 East 148th Street	$ 628,175	79
Walton Morris Cluster	$ 1,896,000	203
309 Alexander Avenue	$ 222,000	11
Brooklyn		
Ditmas Arms	$ 2,235,000	66
Linden Blvd.	$ 1,047,161	101
Ocean Avenue	$ 499,765	49
285 Development	$ 1,800,000	58
Clarkson Gardens	$ 2,000,000	105
Willoughby/Wyckoff Apts.	$ 2,755,400	68
Woodruff Apartments	$ 3,250,000	84
141-3 Fifth Avenue	$ 631,000	36
753, 759, 763-87 Greene Avenue	$ 164,000	41
480 Nostrand Avenue	$ 250,000	25
171 Rockaway Boulevard	$ 98,000	44
5201 Snyder Avenue	$ 318,278	32
Van Buren Street	$ 502,500	65
236 Greene Avenue	$ 645,124	16
932-8 Eastern Parkway	$ 814,000	24
1409-15 St. John's Place	$ 690,000	40
1544 Park Place	$ 460,000	34
243 13th Street	$ 749,711	50
500 Nostrand Avenue	$ 3,212,000	46
709-715 Lafayette Avenue	$ 815,000	24
530 Hertzl Street	$ 130,039	46
201 Pulaski St. & 305 Franklin Ave.	$ 590,712	17
455 Decatur Street	$ 255,850	8
1469-71 Bedford Avenue	$ 956,725	27
1120-22 Madison Street	$ 670,000	16

Rehabilitation Loan Program *(continued)*

Project Name	Loan Amount	Number of Units
1037-1039 Bergen Street	$ 654,949	24
340 South Third Street	$ 129,230	41
Manhattan		
Kamol Apartments	$ 995,736	48
White Star Houses	$ 549,147	52
Revive 103 North	$ 1,863,000	30
110 West 111th Street	$ 550,080	48
1-7 West 137th Street	$ 602,000	51
9 West 137th Street	$ 270,329	17
2006 Amsterdam Avenue	$ 774,000	18
2445-9 Frederick Douglass Blvd.	$ 1,677,000	39
230-45, 255-9 West 116th Street	$ 2,537,000	59
55 West 129th Street	$ 1,818,000	36
216 & 224 West 141st Street	$ 1,342,000	31
54 Vermilyea Avenue	$ 233,075	20
128-136 Edgecombe Avenue	$ 1,000,000	67
630 West 135th Street	$ 234,262	31
1572 Lexington Avenue	$ 540,039	13
2733 Frederick Douglass Blvd.	$ 406,000	12
229-31 E. 105th Street	$ 2,635,000	55
542-48 & 552-58 W. 149th Street	$ 1,659,000	36
144 West 144th Street	$ 675,000	16
2492-94, 2052 Frederick Douglass Blvd.	$ 152,000	27
466-70 West 150th Street	$ 760,314	60
21-23 & 29-31 East 104th Street	$ 1,144,000	70
530 Audubon Avenue	$ 757,800	45
205-213 West 145th Street	$ 1,512,431	62
301-09 W. 113th St., 2099, 2107 8th Ave.	$ 952,000	70
215 Audubon Avenue	$ 210,556	47
270 St. Nicholas Avenue	$ 369,950	77
11, 15, 19 Broadway Terrace	$ 651,895	51
2038 Fifth Avenue	$ 195,000	7
36 West 131st Street	$ 430,885	14
201 W. 144th St., 261 W. 116th St., 234 Bradhurst Avenue	$ 959,444	61
67 Macombs Place & 259 West 152nd Street	$ 1,603,600	58
349-359 Lenox Avenue	$ 761,000	26
2245, 2259, et al. Adam Clayton Powell Jr. Blvd.	$ 406,086	26
55 East 130th Street	$ 968,000	25
326 & 340 Pleasant Avenue	$ 629,500	10
Queens		
Met Houses III	$ 5,432,051	468
Total	$117,149,874	6,034

EXECUTIVE STAFF

From left to right: David S. Boccio, *Senior Vice President and General Counsel;* Teresa Gigliello, *Senior Vice President, Asset Management and Budget;* Harry I. Fried, *Senior Vice President and Chief Financial Officer;* Charles A. Brass, *President.*

FINANCIAL REVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended October 31, 2001

This section of the New York City Housing Development Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal year that ended on October 31, 2001. Please read this section in conjunction with the financial statements and accompanying notes. Amounts and percentage changes refer to the memorandum total columns which include financial data for the Corporation's subsidiaries.

Financial Highlights

- Total net assets increased $58.7 million (or 9.7%)
- Cash and investments increased $50.6 million (or 5.2%)
- Bonds and other liabilities increased $124.1 million (or 4.0%)
- Operating revenues increased $2.3 million (or 1.4%)
- Operating expenses decreased $8.8 million (or 5.4%)
- Operating income increased $11.1 million (or 247.9%)
- Nonoperating revenues increased $8.6 million (or 24.8%)
- Investment revenues increased $9.1 million (or 25.6%)

Overview of the Financial Statements

This annual financial report consists of two parts: *Management's Discussion and Analysis* (this section) and the *Basic Financial Statements*. The Corporation is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the Corporation's activities. The Corporation operates in a manner similar to a private business that includes activities such as financing of real estate development, investment banking, commercial lending, and consulting. While detailed sub-fund information is not presented in the Corporation's financial statements, separate accounts are maintained for each program in order to control and manage money for particular purposes or to demonstrate that the Corporation is properly using specific resources.

Financial Analysis of the Corporation

Net Assets

The following table summarizes the changes in Net Assets between October 31, 2001 and 2000:

$ in millions

	2001	2000	% increase/(decrease)
Current Assets	$ 248.6	$ 297.3	(16.4%)
Noncurrent Assets	3,653.6	3,422.1	6.8%
Total Assets	3,902.2	3,719.4	4.9%
Long-Term Debt	2,648.2	2,615.1	1.3%
Other Liabilities	586.4	495.4	18.4%
Total Liabilities	3,234.6	3,110.5	4.0%
Net Assets			
Restricted	314.6	248.1	26.8%
Unrestricted	353.0	360.8	(2.2%)
Total Net Assets	$ 667.6	$ 608.9	9.7%

The Corporation's combined net assets increased $58.7 million (9.7%) as a result of the increase generated from earnings. The Corporation did not receive any contributions to net assets during the fiscal year. As always, HDC continues to remain self-sustaining.

Operating Activities

The Corporation charges various program fees that may include an application fee, commitment fee, financing fee, and mortgage insurance fee. The Corporation also charges servicing fees on certain of its mortgage loans and for loans serviced for the City of New York. Mortgage loan earnings represent the Corporation's major source of operating revenue. Grant revenue is earned when the Corporation has complied with the terms and conditions of the grant agreements.

Interest income accrues to the benefit of the program for which the underlying source of funds are utilized. Although investment earnings are presented as nonoperating revenues, approximately $23.5 million of the total $44.6 million investment earnings have been included in resources that are set aside for the payment of bond debt service. The remaining $21.1 million in investment income is available to cover Corporate operating or other expenses.

The following table summarizes the changes in Operating Income between fiscal year 2001 and 2000:

$ in thousands

	2001	2000	% increase/(decrease)
Operating Revenue:			
Interest on Loans	$141,641	$140,125	1.1%
Fees and Charges	11,702	10,829	8.1%
Other	14,083	14,131	(0.3%)
Total Operating Revenue	167,426	165,085	1.4%
Operating Expenses:			
Interest and Amortization	134,800	143,317	(5.9%)
Salaries and Related	9,259	9,172	0.9%
Corporate	4,673	4,069	14.8%
Other	3,127	4,052	(22.8%)
Total Operating Expense	151,859	160,610	(5.4%)
Operating Income	15,567	4,475	247.9%
Nonoperating Revenues (Expenses):			
Earnings on Investments	44,579	35,479	25.6%
Other	(1,399)	(874)	60.1%
Total Nonoperating Revenue	43,180	34,605	24.8%
Distributions	0	(11)	(100.0%)
Change in Net Assets	$ 58,747	$ 39,069	50.4%

Other Financial Information

Many of the Corporation's mortgages are subject to credit enhancement and as such the Corporation has not suffered material credit losses. It does not appear probable that substantial write downs of the mortgage portfolio will be required in the foreseeable future. The financial strength of each development funded by the Corporation is periodically reviewed to anticipate the likelihood of any future losses. Although loss provisions have not been required in the past, the Corporation will record such provisions when deemed necessary.

Debt Administration

At year-end the Corporation and its subsidiaries had $2,774 million of bond principal outstanding an increase of 2.8% over last year as shown below. More detailed information about the Corporation's outstanding debt obligations is presented in Note 7 to the financial statements.

The following table summarizes the changes in capital debt between fiscal year 2001 and 2000:

$ in thousands

	2001	2000	% increase/(decrease)
Bonds Payable	$2,773,643	$2,698,717	2.8%

New Business

During fiscal year 2001 the Corporation issued two series of Housing Revenue Bond program bonds amounting to $117.5 million, three series of 80/20 program bonds amounting to $89.3 million, and four series of 100% Low-Income Tax-Exempt Bond program bonds for $25.5 million. These funds are being used to provide mortgage financing. Under various programs the Corporation has also made funds available from net assets. Subsequent to fiscal year end nine series of bonds were issued in the amount of $304.7 million. The details of these financings are described in the notes to the financial statements.

Contacting the Corporation's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, clients, and investors and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the resources at its disposal. If you have questions about this report or need additional financial information, contact the Public Information Officer, New York City Housing Development Corporation, 110 William Street, New York, NY 10038.

REPORT OF INDEPENDENT AUDITORS

To the Members of the
New York City Housing Development Corporation

We have audited the accompanying combined balance sheets of the New York City Housing Development Corporation (the "Corporation"), as of October 31, 2001, and the related combined statements of revenues and expenses, changes in net assets, and cash flows for the year then ended. These combined financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2001, and the results of its operations, the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

January 18, 2002

COMBINED BALANCE SHEET

October 31, 2001 (with comparative combined totals as of October 31, 2000) *(in thousands)*

		Discretely Presented Component Units			Memorandum Total Only	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	2001	2000
Assets						
Current Assets:						
Cash	$ 1,342	—	—	—	1,342	966
Investments (note 4)	186,131	—	—	—	186,131	255,364
Receivables:						
Mortgage loans (note 5)	50,275	—	—	—	50,275	26,724
Accrued interest	10,565	—	—	—	10,565	14,012
Other (note 6)	197	—	—	—	197	180
Total Receivables	61,037	—	—	—	61,037	40,916
Other assets	77	—	—	—	77	99
Total Current Assets	248,587	—	—	—	248,587	297,345
Noncurrent Assets:						
Restricted cash	10,687	1	2	1	10,691	9,070
Restricted investments (note 4)	720,521	29,561	43,994	34,723	828,799	710,957
Restricted receivables:						
Mortgage loan receivable (note 5)	2,511,357	44,165	—	—	2,555,522	2,444,581
Accrued interest	131	2,146	—	—	2,277	1,964
Total restricted receivables	2,511,488	46,311	—	—	2,557,799	2,446,545
Mortgage loans receivable:						
Sale of mortgages	1,356	—	—	—	1,356	1,906
Other receivables (note 6)	6,024	—	203,134	—	209,158	206,754
Total Receivables	2,518,868	46,311	203,134	—	2,768,313	2,655,205
Unamortized issuance costs	15,115	—	1,720	—	16,835	16,860
Primary government/component unit receivable (payable)	(3,764)	3,946	(6)	(176)	—	—
Fixed assets	5,927	—	—	5	5,932	5,878
Other assets	23,015	—	—	9	23,024	24,134
Total Noncurrent Assets	3,290,369	79,819	248,844	34,562	3,653,594	3,422,104
Total Assets	$3,538,956	79,819	248,844	34,562	3,902,181	3,719,449

See accompanying notes to the basic financial statements.

October 31, 2001 (with comparative combined totals as of October 31, 2000) *(in thousands)*

		Discretely Presented Component Units			Memorandum Total Only	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	2001	2000
Liabilities and Net Assets						
Current Liabilities:						
Current portion of bonds payable (note 7)	$ 81,703	—	—	—	81,703	38,800
Accrued interest payable	29,188	—	6,710	—	35,898	37,061
Payable to the City of New York (note 9)	743	—	—	—	743	456
Payable to mortgagors	56,853	—	—	—	56,853	51,751
Restricted earnings on investments	3,255	—	—	—	3,255	2,978
Accounts and other payables	1,433	—	—	88	1,521	1,010
Deferred fee and mortgage income	2,274	—	—	—	2,274	2,180
Due to the United States Government (note 11)	2,553	—	—	—	2,553	996
Total Current Liabilities	178,002	—	6,710	88	184,800	135,232
Noncurrent Liabilities:						
Bonds payable (note 7)	2,417,833	—	238,875	—	2,656,708	2,624,056
Net premium and (discount) on bonds payable	(966)	—	(7,551)	—	(8,517)	(8,953)
Payable to the City of New York (note 9)	172,942	75,748	676	—	249,366	213,915
Payable to mortgagors	108,851	143	—	—	108,994	101,320
Deferred fee and mortgage income	41,917	1,000	—	—	42,917	43,476
Due to the United States Government (note 11)	301	—	—	—	301	1,538
Total Noncurrent Liabilities	2,740,878	76,891	232,000	—	3,049,769	2,975,352
Total Liabilities	2,918,880	76,891	238,710	88	3,234,569	3,110,584
Net Assets:						
Restricted (note 14)	277,522	2,928	8,367	25,752	314,569	248,086
Unrestricted (note 14)	342,554	—	1,767	8,722	353,043	360,779
Total Net Assets	620,076	2,928	10,134	34,474	667,612	608,865
Commitments and Contingencies (notes 9, 12 and 13)						
Total Liabilities and Net Assets	$3,538,956	79,819	248,844	34,562	3,902,181	3,719,449

See accompanying notes to the basic financial statements.

COMBINED STATEMENT OF REVENUE, EXPENSE AND CHANGES IN FUND NET ASSETS

Year ended October 31, 2001 (with comparative combined totals as of October 31, 2000) *(in thousands)*

		Discretely Presented Component Units			Memorandum Total Only	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	2001	2000
Operating Revenues						
Interest on loans (note 5)	$141,641	—	—	—	141,641	140,125
Fees and charges (note 11)	11,216	—	—	486	11,702	10,829
Other (note 6)	35	—	13,987	61	14,083	14,131
Total Operating Revenues	152,892	—	13,987	547	167,426	165,085
Operating Expenses						
Interest and amortization (note 7)	118,955	—	15,845	—	134,800	143,317
Salaries and related expenses	8,906	—	—	353	9,259	9,172
Services of New York City	322	—	—	—	322	322
Trustees' and other fees	1,284	—	77	26	1,387	1,610
Amortization of debt issuance costs	1,268	—	150	—	1,418	2,120
Corporate operating expenses (note 8)	4,602	—	—	71	4,673	4,069
Total Operating Expenses	135,337	—	16,072	450	151,859	160,610
Operating Income (Loss)	17,555	—	(2,085)	97	15,567	4,475
Nonoperating Revenues						
Earnings on investments (note 4)	35,134	2,058	4,712	2,675	44,579	35,479
Nonoperating expenses (note 9)	(1,399)	—	—	—	(1,399)	(1,365)
Other	—	—	—	—	—	491
Total Nonoperating Revenues (Expenses)	33,735	2,058	4,712	2,675	43,180	34,605
Income (Loss) before Distributions and Transfers	51,290	2,058	2,627	2,772	58,747	39,080
Operating transfers to Corporate Services Fund	150	—	—	(150)	—	—
Distributions	—	—	—	—	—	(11)
Change in Net Assets	$ 51,440	2,058	2,627	2,622	58,747	39,069
Total net assets—beginning of year	568,636	870	7,507	31,852	608,865	569,796
Total Net Assets—End of Year	$620,076	2,928	10,134	34,474	667,612	608,865

See accompanying notes to the basic financial statements.

COMBINED STATEMENT OF CASH FLOWS

Year ended October 31, 2001 (with comparative combined totals as of October 31, 2000) *(in thousands)*

		Discretely Presented Component Units			Memorandum Total Only	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	2001	2000
Cash Flows From Operating Activities						
Mortgage loan repayments	$ 272,892	76	—	—	272,968	287,373
Receipts from fees and charges	7,848	—	—	487	8,335	10,439
Mortgage escrow receipts	54,030	—	—	—	54,030	56,033
Reserve for replacement receipts	19,299	—	—	—	19,299	19,866
Mortgage loan advances	(299,431)	—	—	—	(299,431)	(342,715)
Escrow disbursements	(48,708)	—	—	—	(48,708)	(53,528)
Reserve for replacement disbursements	(19,715)	—	—	—	(19,715)	(16,985)
Payments to employees	(7,978)	—	—	—	(7,978)	(7,998)
Payments to suppliers for corporate operating expenses	(9,019)	—	—	—	(9,019)	(8,377)
Project contributions and funds received from NYC	135,149	—	—	—	135,149	111,076
Other receipts (payments)	(50,130)	(2,510)	11,190	35	(41,415)	(79,566)
Net Cash (Used in) Provided by Operating Activities	54,237	(2,434)	11,190	522	63,515	(24,382)
Cash Flows From Non-Capital Financing Activities						
Proceeds from sale of bonds	232,054	—	—	—	232,054	275,857
Retirement of bonds	(166,836)	—	—	—	(166,836)	(181,663)
Interest paid	(117,174)	—	(13,420)	—	(130,594)	(138,579)
Net cash transfers between programs	(530)	1,152	—	(622)	—	—
Net Cash (Used in) Non-Capital Financing Activities	(52,486)	1,152	(13,420)	(622)	(65,376)	(44,385)
Cash Flows From Capital and Related Financing Activities						
Purchase of fixed assets	(986)	—	—	—	(986)	(1,416)
Sale of fixed assets	17	—	—	—	17	—
Net Cash (Used in) Capital and Related Financing Activities	(969)	—	—	—	(969)	(1,416)
Cash Flows From Investing Activities						
Sale of investments	17,751,631	84,082	73,981	37,990	17,947,684	14,762,090
Purchase of investments	(17,784,527)	(82,886)	(74,007)	(40,169)	(17,981,589)	(14,743,771)
Interest and dividend collected	34,112	87	2,256	2,277	38,732	56,875
Net Cash Provided by Investing Activities	1,216	1,283	2,230	98	4,827	75,194
Increase (decrease) in cash	1,998	1	—	(2)	1,997	5,011
Cash at beginning of year	10,031	—	2	3	10,036	5,025
Cash at End of Year	$ 12,029	1	2	1	12,033	10,036

See accompanying notes to the basic financial statements.

COMBINED STATEMENT OF CASH FLOWS

Year ended October 31, 2001 (with comparative combined totals as of October 31, 2000) *(in thousands)*

		Discretely Presented Component Units			Memorandum Total Only	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	2001	2000
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	$ 17,555	—	(2,085)	97	15,567	4,475
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expenses	920	—	—	3	923	798
Amortization of bond discount and premium	146	—	523	—	669	666
Amortization of deferred bond refunding costs	1,491	—	1,902	—	3,393	—
Amortization of bond issuance costs	797	—	150	—	947	491
Net cash provided by nonoperating activities	119,868	—	13,421	—	133,289	123,531
Changes in Assets & Liabilities:						
(Increase) decrease in mortgage loans	(123,694)	—	—	—	(123,694)	(151,948)
(Increase) decrease in accrued interest receivable	2,873	(182)	—	—	2,691	(928)
(Increase) decrease in sale of mortgages receivable	550	—	—	—	550	549
(Increase) decrease in other receivable	618	—	(2,579)	—	(1,961)	(3,501)
(Increase) decrease primary government/ component unit receivable (payable)	(5,275)	(1,147)	—	451	(5,971)	—
(Increase) decrease in other assets	(218)	—	—	(1)	(219)	1,277
(Decrease) increase in payable to the City of New York	30,389	(2,248)	(142)	—	27,999	(18,551)
(Decrease) increase in payable to mortgagors	6,922	143	—	—	7,065	16,610
(Decrease) increase in accounts and other payables	1,515	—	—	(2)	1,513	26
(Decrease) increase in due to the United States Government	(1,587)	—	—	—	(1,587)	(1,493)
(Decrease) increase in restricted earnings on investments	(2,251)	—	—	—	(2,251)	170
(Decrease) increase in deferred fee and mortgage income	(1,882)	1,000	—	(26)	(908)	1,728
(Decrease) increase in accrued interest payable	5,500	—	—	—	5,500	1,718
Net Cash Provided by (Used in) Operating Activities	$ 54,237	(2,434)	11,190	522	63,515	(24,382)
Non-Cash Investing Activities:						
Increase (decrease) in fair value of investments	$ 4,331	2,058	2,551	363	9,303	(3,570)

See accompanying notes to the basic financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

October 31, 2001

Note 1: Organization

The New York City Housing Development Corporation (the "Corporation" or "HDC") is a corporate governmental agency constituting a public benefit corporation of the State of New York (the "State"). The Corporation is also a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code"). The Corporation was established in 1971 under the provisions of Article XII of the Private Housing Finance Law (the "Act") of the State and is to continue in existence for at least as long as bonds, notes, or other obligations of the Corporation are outstanding. The Corporation was created to encourage the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, the Corporation is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi-family residential housing. The Corporation participates in the federal government's housing assistance programs, principally those established by Section 236 of the National Housing Act of 1934, as amended, and Section 8 of the United States Housing Act of 1937, as amended. The Corporation finances significant amounts of its activities through the issuance of bonds and notes. The bonds and notes of the Corporation are not debts of either the State or the City of New York (the "City").

Pursuant to Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the Multi-Family Bond Programs and the Corporate Services Fund (see note 3(A)) are blended as part of HDC, the primary government entity. The Housing Assistance Corporation ("HAC"), the Housing New York Corporation ("HNYC") and the New York City Residential Mortgage Insurance Corporation ("REMIC") have been included in the Corporation's combined reporting entity (see note 3 (B), (C) and (D)) as discretely presented component units of HDC. Also pursuant to GASB Statement No. 14, the Corporation's combined financial statements are included in the City's financial statements as a component unit for financial reporting purposes. Within the City's financial statements, the Corporation is included under the category of Housing and Economic Development Enterprise Funds.

Note 2: Summary of Significant Accounting Policies

The Corporation follows the principles of fund accounting in that each program's assets, liabilities, and net assets are accounted for as separate entities and follow enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred.

In its accounting and financial reporting, the Corporation follows the pronouncements of the Governmental Accounting Standards Board ("GASB"). In addition, the Corporation follows only the pronouncements of all applicable Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Other significant accounting policies are:

(A) Revenue and Expense Recognition

The Corporation considers earnings on mortgages and loans, fees and charges associated with both financing and servicing mortgages and loans, and other revenues that are received to cover the costs of raising capital as operating revenue. All other revenue is considered nonoperating. Commitment and financing fees are recognized over the life of the related mortgage. All other revenues are recognized when earned.

Operating expenses include bonding costs, expenses for administering the various bond resolutions, personnel expenses, corporate operating expenses, and amortization of capitalized issuance and financing costs. The Corporation considers distributions of first mortgage earnings to New York City for various participations, and amortization for funds paid to purchase future mortgage cash flows on loans that New York City had previously participated, as nonoperating expenses. Expenses are recognized as incurred.

(B) Investments

All investments, except for investment agreements, are carried at fair value (see note 4). Investment agreements are non-participating, guaranteed investment contracts, which are carried at cost.

(C) Earnings on Investments

Earnings on investments include interest income and changes in fair value. Investment earnings on monies held for the City, project reserves for replacement, and certain other project escrows are not included in the Corporation's revenues; rather, they are reported in the Combined Balance Sheet as payable to the City or payable to mortgagors. Similarly, restricted earnings on investments represent the cumulative amount by which pass-through program revenues exceed expenses. Such amounts represent accumulated excess investment earnings that, under the terms of the bond resolutions and mortgage loan documents, are expected to be credited to the mortgagors.

(D) Debt Issuance Costs and Bond Discount

Debt issuance costs and bond discount are amortized over the life of the related bond and note issues using the effective interest method.

(E) Operating Transfers

Transfers from the various programs to the Corporate Services Fund represent (i) fees earned by the Corporation for administering its respective programs and (ii) escrow funds and excess investment earnings neither required by the programs nor returnable to the mortgagors.

(F) Allowance for Credit Losses

Many of the Corporation's mortgage programs have credit enhancements, and, as such, HDC believes that the likelihood of experiencing credit losses relating to its bonded mortgage programs is unlikely. Management has determined that current charges against income are not required.

(G) Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

(H) Reclassifications

Certain 2000 balances have been reclassified to conform with current year presentation.

(I) Memorandum Only—Total

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis and do not present information that reflects financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States and are not equivalent to consolidated financial information.

Note 3: Description of Programs and Corporate Services Fund

(A) New York City Housing Development Corporation

The Corporation operates two separate major programs. One program is governed by the Corporation's respective bond resolutions and the other program concerns its Corporate Services Fund.

(i) Multi-Family Bond Programs:

(a) Section 223(f) The Multi-Family and 1991 Multi-Unit Refunding Bond Programs were originally established in 1977 and 1980, respectively, in connection with the refinancing of 81 existing multi-family housing projects which had been financed by Mitchell-Lama mortgage loans payable to the City. On May 16, 2001, the Multi-Unit bonds were refinanced and are currently included within the Housing Revenue Bond Program.

(b) Housing Revenue Bond The Corporation, under this program, issues bonds payable solely from assets held under the Housing Revenue Bond Resolution. Currently, the program includes Federal Housing Administration ("FHA") insured mortgage loans, State of New York Mortgage Agency ("SONYMA") insured mortgage loans, Government National Mortgage Association ("GNMA") mortgage-backed securities, REMIC insured mortgage loans, and other nonguaranteed mortgage loans.

The bond issues are secured by the revenues earned on the loans, securities, and other pledged assets related to such loans, including Section 8 rental subsidy payments funded under the United States Housing Act of 1937, as amended, and Section 236 interest reduction subsidies under Section 236 of the National Housing Act of 1934, as amended where applicable.

(c) 80/20 This program was established to provide funds for the construction and/or permanent financing for multi-family housing projects. All of the projects in this program provide or will provide a mixture of market rate apartments (up to 80 percent) and apartments for low- and moderate-income tenants (at least 20 percent) as required by the Code or the Corporation and as authorized by Section 654(23-c) of the Act.

(d) 100% Low-Income Tax-Exempt Bond This program was established to provide a portion of the financing for newly constructed and rehabilitated developments. This program combines tax-exempt bonds with other subsidy programs available within the City. The most commonly utilized subsidy has been New York City's Section 421-a Negotiable Certificate Program, through which transferable real estate tax benefits generated by the low-income project are linked to the demand for such benefits from newly constructed market rate housing projects in high-cost areas of Manhattan. By selling their earned real estate tax benefits to developers of market rate developments, low-income builders are able to repay the tax-exempt bond funded construction loans.

(e) Hospital Residence This program was established to provide financing for residential facilities for hospital staff.

(f) Residential Cooperative Housing This program was established to provide a portion of the financing for residential housing cooperative programs.

(g) Senior Housing This program was established to provide financing for residential housing for low-income senior citizens.

(ii) Corporate Service Fund:

This fund accounts for (1) fees and earnings transferred from the programs described above; (2) Section 8 administrative fees; (3) fees earned on loans serviced for the City; (4) income from Corporate Services Fund investments; (5) payment of the Corporation's operating expenses; and (6) the Dedicated Account (see note 5).

(B) Housing Assistance Corporation

The Housing Assistance Corporation is a public benefit corporation of the State established, pursuant to Section 654-b of the Act, as a subsidiary of the Corporation.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City, or the State, for the purpose of assisting rental developments to maintain rentals affordable to low- and moderate-income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary, and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge, or assign these monies to any rental development or assist the Corporation in financing such developments.

(C) Housing New York Corporation

The Housing New York Corporation is a public benefit corporation of the State established pursuant to Section 654-c of the Act as a subsidiary of the Corporation.

The proceeds of the obligations of HNYC were used to finance certain projects developed pursuant to the Housing New York Program, a joint effort of the City and the State, created for the purpose of providing residential housing facilities for low- and moderate-income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary, and affordable housing accommodations. In order to accomplish this objective, HNYC granted monies at the direction of the City to finance the residential housing facilities. The obligations of HNYC are to be repaid out of assigned excess revenues generated by development at Battery Park City. These revenues consist of excess cash flow to the Battery Park City Authority ("BPCA") resulting from rental and other payments under certain leases with certain private owners. HNYC is also authorized and empowered to receive monies from the Corporation, the BPCA, the federal government, or any other source. The bonds of HNYC are not a debt of the State, the BPCA, the City, or the Corporation. Authorization for the funding of the Housing New York Program ended on July 1, 1995. Consequently, HNYC can no longer issue bonds or notes to fund the Housing New York Program.

(D) New York City Residential Mortgage Insurance Corporation

The New York City Residential Mortgage Insurance Corporation is a public benefit corporation established pursuant to Section 654-d of the Act as a subsidiary of HDC. REMIC is the successor entity to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC"), which was dissolved on January 27, 1993. REMIC has the authority to insure residential mortgage loans throughout the City in order to promote the preservation of neighborhoods which are blighted, are becoming blighted, or may become blighted, to discourage divestment and encourage the investment of mortgage capital in such neighborhoods and to provide safe, sanitary, and affordable housing accommodations to persons and families for whom the ordinary operations of private enterprise cannot supply such accommodations.

REMIC is required to maintain certain reserves. One such reserve is the housing insurance fund, which shall be used as a revolving fund solely for the payment of liabilities arising from housing insurance contracts issued by REMIC. The housing insurance fund requirement as of any particular date must be in an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to housing insurance contracts, plus (ii) twenty percent of the insured amounts under housing insurance contracts other than insured amounts which are due and payable pursuant to (i) above, plus (iii) twenty percent of the amounts to be insured under REMIC's commitments to insure. The housing insurance fund requirement at October 31, 2001, is $21,453,000.

REMIC must also maintain a mortgage insurance fund which shall be used solely for the payment of liabilities arising from mortgage insurance contracts which are contracts of the Old REMIC. The mortgage insurance fund requirement at October 31, 2001, is $4,293,000, which constitutes one hundred percent of the insured mortgage loans.

Any income or interest earned on the funds described above due to the investment of those funds in excess of their respective requirements shall be transferred at least annually to the premium reserve fund. The premium reserve fund must also be maintained to provide for the payment of REMIC's liabilities arising from its operations, including liabilities arising from housing and mortgage insurance contracts. The balance of this fund at October 31, 2001, is $4,532,000.

Note 4: Investments and Deposits

The Corporation and its subsidiaries are authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. Investment policies are set by the Members of the Corporation, HAC, HNYC, and REMIC. These policies are carried out on an ongoing basis by the Corporation's Investment Committee. The Corporation and its subsidiaries principally invest in securities of the United States and its agencies, certificates of deposit ("CDs"), commercial paper, open time deposits ("OTDs"), and repurchase agreements. Neither HDC, HAC, HNYC, nor REMIC entered into any reverse repurchase agreements. According to management, the Corporation and its subsidiaries were not in violation of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, are held by the Corporation or its agents in the Corporation's name. Bond program investments are held by the trustee of the applicable program. All investment transactions are recorded on a delivery basis. All interest rate ranges include rates on investments held throughout the fiscal year.

During fiscal year 2001, realized investment gains amounted to $1,442,000 while there were no material losses. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. Realized gains and losses on investments that had been held prior to the current fiscal year and sold in this fiscal year may have been recognized as an increase or decrease in the fair value of investments prior to fiscal year 2001.

Governmental Accounting Standards Board ("GASB") Statement No. 3 requires disclosure of the level of investment risk assumed by the Corporation as of October 31, 2001. Category 1 includes investments that are insured or registered, or held by the Corporation, or its agent in its name. Investments are categorized by credit risk as follows:

		Total	Total	Total	Total	Memorandum Total Only	
	Category	HDC	HAC	HNYC	REMIC	2001	2000
(in thousands)							
U.S. Treasury Bonds	1	$ 47,357	—	28,065	—	75,422	76,706
U.S. Treasury Bills	1	83,866	—	—	—	83,866	92,510
U.S. Treasury Notes	1	64,017	—	—	—	64,017	69,132
U.S. Treasury Strips	1	375	27,494	—	—	27,869	26,407
Fixed Repurchase Agreements	1	171,352	2,067	15,929	440	189,788	168,776
G.N.M.A.	1	31,904	—	—	—	31,904	33,448
Open Time Deposits	1	157,985	—	—	—	157,985	236,522
Term Repurchase Agreements	1	53,389	—	—	—	53,389	48,736
Freddie Mac Notes	1	11,210	—	—	2,928	14,138	71,475
Federal Farm Credit Notes	1	—	—	—	3,291	3,291	14,056
Commercial Paper	1	226,474	—	—	—	226,474	30,323
Money Market and NOW Accounts	N/A	2,498	—	—	—	2,498	973
Federal Home Loan Mortgage	1	65	—	—	440	505	35,851
FNMA Callable Med Term Note	1	13,837	—	—	22,163	36,000	33,784
FNMA Discount Note	1	27,131	—	—	384	27,515	—
FHLB Notes Callable	1	—	—	—	—	—	3,069
FHLB Bonds	1	15,192	—	—	5,077	20,269	20,615
Federal Home Loan Bank Discount Notes	1	—	—	—	—	—	3,938
Totals		$906,652	29,561	43,994	34,723	1,014,930	966,321

Fixed repurchase agreements are held pursuant to written master repurchase agreements which permit liquidation of the applicable securities in the event of a default. Maturities range from 1 to 33 days. Margin requirements are 101% for overnight repurchase agreements and 102% for repurchase agreements maturing up to 34 days, all of which are priced daily. These agreements are used to provide short-term liquidity. Interest rates on all fixed repurchase agreements ranged from 1.95% to 6.58%. Maturity dates on all fixed repurchase agreements range from November 1, 2001, to November 28, 2001.

Funds deposited into Money Market and NOW accounts were Section 8 Annual Contract Contribution funds received from the United States Department of Housing and Urban Development ("HUD"). These deposits as well as any other HUD deposits in the applicable bank are Federal Deposit Insurance Corporation ("FDIC") insured in an amount up to $100,000 collectively.

During the fiscal year, HDC entered into seven OTD agreements. OTDs are non-participating, guaranteed investment contracts. At October 31, 2001, the cost basis of all unsecured OTDs amounted to $157,985,000. Interest rates on all OTDs range from 2.96% to 7.86% with maturity dates that range from December 1, 2001, to November 1, 2042.

Term repurchase agreements are non-participating, guaranteed investment contracts. The interest rates under three revolving term repurchase agreements range from 6.16% to 6.6% with maturity dates that range from May 1, 2012, to April 1, 2030. Margin requirements under these agreements are 103% with weekly pricing of securities. Collateral securities were held by the respective bond program's trustee.

Freddie Mac Notes have maturity dates ranging from May 28, 2003, to April 26, 2016. Yield rates on these investments range from 4.34% to 6.43%. Federal Farm Credit Notes have a maturity date of May 17, 2011, and yield rates ranging from 4.96% to 6.23%.

Commercial Paper have maturity dates ranging from November 1, 2001, to November 29, 2001 and yield rates of 2.3% to 6.71%.

Combined cash deposits total $12,033,000 at October 31, 2001. These accounts were maintained with bond trustees as well as with major commercial banks. HDC's cash deposits amounting to $430,000 are FDIC insured, while $100,000 of the City's Department of Housing Preservation and Development ("HPD") funds held for the City are collectively insured with other City funds in an amount up to $100,000. HAC, HNYC, and REMIC have FDIC insured cash deposits totaling $1,000, $2,000 and $1,000, respectively. All other cash deposits are uninsured.

Note 5: Mortgage and Other Loans

The Corporation has outstanding, under various programs, mortgage loans of $2,605,797,000 and $2,471,305,000 as of October 31, 2001, and 2000, respectively which have been issued to a number of qualified housing sponsors. Mortgage loans outstanding at October 31, 2001, and 2000 by program were as follows:

	Total	Total	Memorandum Total Only	
Program	HDC	HAC	2001	2000
(in thousands)				
Section 223(f)	$ 282,993	—	282,993	291,252
1991 Multi-Unit Refunding Bond	—	—	—	84,143
Housing Revenue Bond	771,811	—	771,811	680,351
80/20	1,219,514	—	1,219,514	1,105,335
100% Low-Income Tax-Exempt	32,642	—	32,642	25,390
Hospital Residence	134,995	—	134,995	137,070
Residential Cooperative Housing	27,557	—	27,557	27,948
Corporate Services	86,020	—	86,020	75,652
Senior Housing	6,100	—	6,100	—
Other	—	44,165	44,165	44,164
Totals	$2,561,632	44,165	2,605,797	2,471,305

The mortgage loans listed above are originally repayable over terms of 8 to 49 years and bear interest at rates from .85% to 10.36% per annum. Primarily all mortgage loans receivable are collateralized by first mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. HDC has funded subordinate mortgage loans in the amount of $61,526,000, while HPD has funded subordinate loans held by HDC in the amount of $21,938,000.

With respect to the 223(f) Program, (a) the excess of mortgagors' payments over bond debt service payments, trustee fees, and servicing fees to the Corporation and (b) the earnings on certain restricted funds (which are excluded from the Combined Statement of Revenues and Expenses) through April 30, 1996, formerly were payable to the City. Since May 1, 1996, all program revenues have been retained by the Corporation as all future cash flows were purchased by the Corporation for $21,000,000 in fiscal year 1996.

With respect to the 1991 Multi-Unit Refunding Bond Program, and subsequently, the 2001 Series B Multi-Family Housing Revenue Bond Program, the earnings on certain restricted funds (which are also excluded from revenues) through April 30, 1996, were payable to the City. Since May 1, 1996, all program revenues have been retained by the Corporation as all amounts remaining due to the City were purchased by the Corporation for $11,000,000.

Through April 30, 1996, these funds were paid to the City by the Corporate Services Fund. Since May 1, 1996, amounts representing future excess cash flows have been amortized in the Corporate Services Fund over the remaining program life using the yield method. Amortization for fiscal year 2001 amounted to $1,350,000 and is included by the Corporate Services Fund as non-operating expenses. The unamortized portion of these payments is included under the caption Other Assets in the Combined Balance Sheet. Amounts previously recorded as non-operating expenses in the 223(f) Program and the Multi-Unit Program have been included in operating transfers as of May 1, 1996, and will inure net of amortization to the Corporation.

In 1987, the Development Services Program ("DSP") was created to assist the City in implementing its many housing programs for low-, moderate-, and middle-income residents. As of October 31, 2001, the DSP consists of three subprograms. The source of funding for the DSP is certain corporate reserves which have been set aside in a separate account, the Dedicated Account, which is included in the Corporate Services Fund. Loans made under the DSP are either interest free or have low interest rates. The Corporation's role in the two subprograms involves the lending of the funds on deposit in the Dedicated Account. In the other subprogram, the Corporation has servicing responsibilities with regard to loans made by HPD (see note 12).

The Housing Assistance Corporation financed mortgages for eight projects for various construction costs and capitalized interest. Five mortgages are second liens on buildings which have been rehabilitated. These NYC funded loans accrue interest at the rate of 1% per annum although payments are not due for approximately twenty years after origination. Three subordinate mortgage loans were made to fund certain expenses of constructing new projects. Two secondary loans bear no interest for approximately twenty-five years after closing and then bear interest at the rate of 1% per annum. Another new construction secondary loan originally had similar terms. This loan was restructured and the mortgagor will begin making interest only payments and the term of the loan was extended five years. To induce HAC to refinance the loan, the mortgagor paid an up front restructuring fee of $1,000,000.

Note 6: Other Receivables

(A) New York City Housing Development Corporation

Other Receivables amount to $6,221,000, which represents commitment and financing fees, servicing fees, Reserve for Replacement loans, and Corporate Services Fund Other Loans described in note 5.

(B) Housing New York Corporation

Other Receivables amount to $203,134,000, which is composed in part of $142,728,000 in funds advanced to the City through October 31, 2001, in accordance with the 1993 Series A Revenue Bond Resolution. The City used these monies to reimburse itself for the costs incurred in connection with the substantial rehabilitation of residential housing and related facilities in Manhattan and the Bronx under the Housing New York Program. For a description of the manner in which advances made to the City will be repaid, see note 3(c). The remaining balance of $60,406,000 represents funds used to cover debt service. On May 1, 1993, HNYC began to require payment of assigned excess revenues from the BPCA on each debit service date in amounts necessary to cover bond principal and interest and HNYC trustee fees. Amounts recorded under the caption Other Revenues on the Combined Statement of Revenues and Expenses are used to cover program expenses.

Note 7: Bonds Payable

Changes in bonds payable for the year ended October 31, 2001 were as follows:

Description of Bonds as Issued	Balance at Oct. 31, 2000	Issued	Retired	Balance at Oct. 31, 2001	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2001)					
Housing Development Corporation					
Multi-Family Bond Programs:					
Section 223(f):					
Multi-Family Housing Bond Program—6.5% to 7.25% Bonds maturing in varying installments through 2019	$ 291,897	—	(8,224)	283,673	8,883
1991 Multi-Unit Mortgage Refunding Bond Program—4.4% to 7.35% Serial and Term Bonds maturing in varying installments through 2019	88,455	—	(88,455)	—	—
Total Section 223(f)	$ 380,352	—	(96,679)	283,673	8,883
Housing Revenue Bond Program:					
1993 Series A & B Bond Program—2.75% to 5.85% Serial and Term Bonds maturing in varying installments through 2026	$ 117,320	—	(2,440)	114,880	2,510
1994 Series A PLP Bond Program—8.4% and 8.95% Term Bonds maturing in varying installments through 2025	5,560	—	(275)	5,285	300
1995 Series A Multi-Family Housing Revenue Bond Program—3.5% to 5.6% Serial Bonds maturing in varying installments through 2007	23,055	—	(2,960)	20,095	3,115
1996 Series A Multi-Family Housing Revenue Bond Program—3.6% to 5.625% Serial and Term Bonds maturing in varying installments through 2012	175,395	—	(10,975)	164,420	46,525
1997 Series A & B Multi-Family Housing Revenue Bond Program—3.7% to 5.875% Serial and Term Bonds maturing in varying installments through 2018	23,555	—	(890)	22,665	925
1997 Series C Multi-Family Housing Revenue Bond Program—6.73% Term Bonds maturing in varying installments through 2011	27,985	—	(1,785)	26,200	1,910
1998 Series A Multi-Family Housing Revenue Bond Program—6.84% Term Bonds maturing in varying installments through 2030	57,800	—	(300)	57,500	700
1998 Series B Multi-Family Housing Revenue Bond Program—3.75% to 5.25% Serial and Term Bonds maturing in varying installments through 2031	21,380	—	—	21,380	165
1999 Series A-1 & A-2 Multi-Family Housing Revenue Bond Program—5.83% to 6.06% Term Bonds maturing in varying installments through 2022 and 3.94% to 6.96% Variable Rate Bonds due upon demand through 2037	65,000	—	(1,700)	63,300	2,200
1999 Series B-1 & B-2 Multi-Family Housing Revenue Bond Program—6.83% to 7.32% Term Bonds maturing in varying installments through 2022 and 3.942% to 6.957% Variable Rate Bonds due upon demand through 2031	40,200	—	—	40,200	700
1999 Series C Multi-Family Housing Revenue Bond Program—4.4% to 5.7% Serial and Term Bonds maturing in varying installments through 2031	9,800	—	—	9,800	—
1999 Series D Multi-Family Housing Revenue Bond Program—3.75% to 5.5% Serial and Term Bonds maturing in varying installments through 2019	8,110	—	(245)	7,865	255

Description of Bonds as Issued	Balance at Oct. 31, 2000	Issued	Retired	Balance at Oct. 31, 2001	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2001)					
1999 Series E Multi-Family Housing Revenue Bond Program—4.4% to 6.25% Serial and Term Bonds maturing in varying installments through 2036	$ 10,715	—	—	10,715	45
2000 Series A & B Multi-Family Housing Revenue Bond Program—4.65% to 7.79% Serial and Term Bonds maturing in varying installments through 2032	36,240	—	—	36,240	—
2001 Series A Multi-Family Housing Revenue Bond Program—3.7% to 5.6% Serial and Term Bonds maturing in varying installments through 2042	—	30,115	—	30,115	—
2001 Series B Multi-Family Housing Revenue Bond Program—3.05% to 5.25% Serial and Term Bonds maturing in varying installments through 2016	—	87,370	—	87,370	4,110
Total Housing Revenue Bond Program	$ 622,115	117,485	(21,570)	718,030	63,460
80/20:					
1989 Series A Upper Fifth Avenue Project—1.55% to 4.55% Variable Rate Bonds due upon demand through 2016	$ 10,000	—	(5,100)	4,900	—
1989 Series A Queenswood Apartments—1.5% to 4.55% Variable Rate Bonds due upon demand through 2017	11,600	—	(11,600)	—	—
1993 Series A & B and 1995 Series A Manhattan Park—6.25% to 8% Term Bonds maturing in varying installments through 2030	156,125	—	(1,600)	154,525	1,735
1993 Series A Manhattan West Development—5.7% Term Bonds maturing in varying installments through 2036	141,735	—	—	141,735	—
1994 Series A James Tower Development—1.6% to 4.6% Variable Rate Bonds maturing in varying installments through 2005	23,400	—	(700)	22,700	700
1995 Series A Columbus Apartments Development—1.5% to 4.45% Variable Rate Bonds maturing in varying installments through 2025	22,270	—	(300)	21,970	300
1996 Series A Barclay Avenue Development—5.75% to 6.6% Term Bonds maturing in varying installments through 2033	5,500	—	(50)	5,450	55
1997 Series A Related-Columbus Green Project—1.5% to 4.5% Variable Rate Bonds due upon demand through 2019	13,775	—	—	13,775	—
1997 Series A Related-Carnegie Park Project—1.5% to 4.55% Variable Rate Bonds due upon demand through 2019	66,800	—	—	66,800	—
1997 Series A Related-Monterey Project—1.5% to 4.45% Variable Rate Bonds due upon demand through 2019	104,600	—	—	104,600	—
1997 Series A Related-Tribeca Tower Project—1.55% to 4.5% Variable Rate Bonds due upon demand through 2019	55,000	—	—	55,000	—
1998 Series A & B Parkgate Development Project—1.6% to 6.7% Variable Rate Bonds due upon demand through 2028	36,815	—	(315)	36,500	—
1998 Series A & B One Columbus Place Project—1.55% to 6.7% Variable Rate Bonds due upon demand through 2028	148,100	—	(1,200)	146,900	1,200
1998 Series A & B Related Broadway Project—1.55% to 6.7% Variable Rate Bonds due upon demand through 2031	89,000	—	—	89,000	—
1998 Series A & B Jane Street Development—1.55% to 6.7% Variable Rate Bonds due upon demand through 2028	17,575	—	(300)	17,275	200

Description of Bonds as Issued	Balance at Oct. 31, 2000	Issued	Retired	Balance at Oct. 31, 2001	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2001)					
1999 Series A & B West 43rd Street Project—1.55% to 6.7% Variable Rate Bonds due upon demand through 2029	$ 55,320	—	(400)	54,920	400
1999 Series A Brittany Development Project—1.55% to 4.65% Variable Rate Bonds due upon demand through 2029	57,000	—	—	57,000	—
1999 Series A & B West 54th Street Development—1.6% to 6.7% Variable Rate Bonds due upon demand through 2032	60,400	—	—	60,400	—
2000 Series A Related West 89th Development—1.6% to 4.55% Variable Rate Bonds due upon demand through 2029	53,000	—	—	53,000	—
2000 Series A Westmont Apartments—1.6% to 4.65% Variable Rate Bonds due upon demand through 2030	24,200	—	—	24,200	—
2000 Series A West 26th Street Development—2.55% to 6.95% Variable Rate Bonds due upon demand through 2033	72,100	—	—	72,100	—
2000 Series A Related 15th Street Development—1.5% to 4.7% Variable Rate Bonds due upon demand through 2033	—	56,000	—	56,000	—
2001 Series A Queenswood Refunding—1.75% to 4.4% Variable Rate Bonds due upon demand through 2031	—	10,800	—	10,800	—
2001 Series A & B West 48th Street—1.85% to 4% Variable Rate Bonds due upon demand through 2034	—	22,500	—	22,500	—
Total 80/20	$1,224,315	89,300	(21,565)	1,292,050	4,590
100% Low-Income Tax-Exempt Bond Program:					
1999 Series A Brook Avenue Gardens Project—1.6% to 4.7% Variable Rate Bonds due upon demand through 2031	$ 5,900	—	(5,900)	—	—
1999 Series A Related-West 105th Street Project—3.4% to 4.7% Variable Rate Bonds due upon demand through 2031	2,500	—	(2,500)	—	—
1999 Series A Spring Creek III Project—1.55% to 4.7% Variable Rate Bonds due upon demand through 2031	7,000	—	(7,000)	—	—
1999 Series A Harmony House Project—1.55% to 4.7% Variable Rate Bonds due upon demand through 2031	3,000	—	—	3,000	—
1999 Series A Sullivan Street Project—1.55% to 4.7% Variable Rate Bonds due upon demand through 2031	1,300	—	—	1,300	—
2000 Series A St. Ann's Apartments—1.6% to 4.7% Variable Rate Bonds due upon demand through 2032	3,400	—	—	3,400	—
2000 Series A Spring Creek IV—1.55% to 4.7% Variable Rate Bonds due upon demand through 2032	6,000	—	—	6,000	—
2000 Series A Intervale II Project—1.55% to 4.7% Variable Rate Bonds due upon demand through 2032	5,800	—	(5,800)	—	—
2000 Series A Sackman Street Project—1.6% to 4.7% Variable Rate Bonds due upon demand through 2032	2,400	—	—	2,400	—
2000 Series A East 116th Street Project—1.55% to 4.7% Variable Rate Bonds due upon demand through 2031	1,600	—	—	1,600	—
2000 Series A Linden Mews—1.55% to 4.7% Variable Rate Bonds due upon demand through 2032	—	2,800	—	2,800	—
2000 Series A Marmion Avenue—1.55% to 4.7% Variable Rate Bonds due upon demand through 2032	—	6,700	—	6,700	—

Description of Bonds as Issued	Balance at Oct. 31, 2000	Issued	Retired	Balance at Oct. 31, 2001	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2001)					
2000 Series A Ogden Avenue—1.55% to 4.9% Variable Rate Bonds due upon demand through 2032	$ —	9,000	—	9,000	—
2001 Series A Fox Street—1.85% to 2.8% Variable Rate Bonds due upon demand through 2033	—	7,000	—	7,000	—
Total 100% Low-Income Tax-Exempt Bond Program	$ 38,900	25,500	(21,200)	43,200	—
Hospital Residence:					
1993 Series A East 17th Street Properties—.85% to 5.5% Variable Rate Bonds maturing in varying installments through 2023	$ 34,100	—	(700)	33,400	800
1993 Series A Montefiore Medical Center—1.5% to 4.55% Variable Rate Term Bonds maturing in varying installments through 2030	8,400	—	—	8,400	—
1998 Series 1 MBIA Insured Residential Revenue Refunding Bonds—1.75% to 5.00% Periodic Auction Reset Securities maturing in varying installments through 2017	103,300	—	(1,375)	101,925	3,575
Total Hospital Residence	$ 145,800	—	(2,075)	143,725	4,375
Residential Cooperative Housing:					
1994 Series A Maple Court Cooperative—6.22% Term Bonds maturing in varying installments through 2027	$ 11,895	—	(165)	11,730	175
1996 Series A Maple Plaza Cooperative—6.08% Term Bonds maturing in varying installments through 2029	16,650	—	(205)	16,445	220
Total Residential Cooperative Housing	$ 28,545	—	(370)	28,175	395
Senior Housing:					
2000 Series A 55 Pierrepont Development—1.5% to 4.65% Variable Rate Bonds due upon demand through 2031	—	6,100	—	6,100	—
Total Senior Housing	$ —	6,100	—	6,100	—
Total Bonds Payable Housing Development Corporation	$2,440,027	238,385	(163,459)	2,514,953	81,703
Housing New York Corporation Revenue Bond Program:					
1993 Series A Refunding Bonds—4.9% to 6% Serial and Term Bonds maturing in varying installments through 2020	$ 258,690	—	—	258,690	—
Total Bonds Payable Housing New York Corporation	$ 258,690	—	—	258,690	—
Total Bonds Payable Prior to Deferred Bond Refunding Costs	$2,698,717	238,385	(163,459)	2,773,643	81,703
Deferred bond refunding costs	(35,861)	—	—	(35,232)	—
Total Bonds Payable Net of Deferred Bond Refunding Costs	$2,662,856	238,385	(163,459)	2,738,411	81,703

(A) New York City Housing Development Corporation

The Corporation's authority to issue bonds and notes for any corporate purpose is limited to the extent that (i) the aggregate principal amount outstanding may not exceed $3.15 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not exceed $30 million. No bonds are currently subject to the Capital Reserve Fund requirement.

(i) Multi-Family Bond Programs:

(a) Section 223(f) The bonds of the Multi-Family Housing Bond Program are special limited obligations of the Corporation. The primary security for the bonds is the federal mortgage insurance obtained at the time the mortgages were assigned from the City. Principal and interest are paid only from the monies received for the account of the insured mortgage securing that series, including payments made by, or on behalf of, the mortgagor or HUD.

The 1991 Multi-Unit Mortgage Refunding Bonds were special revenue obligations of the Corporation secured solely by a pledge of the FHA-insured mortgage loans and the program's assets, as well as the revenues derived from these loans and assets. On June 15, 2001, these bonds were refunded by the 2001 Series B Multi-Family Housing Revenue bonds.

(b) Housing Revenue The bonds issued under the Housing Revenue Bond Program are special revenue obligations of the Corporation payable solely from the revenues and assets pledged thereunder, pursuant to the Multi-Family Housing Revenue Bond general and supplemental resolutions (see note 3).

On May 16, 2001, the Corporation issued $30,115,000 of its 2001 Series A Multi-Family Housing Revenue Bonds to acquire GNMA Securities. The proceeds will be used to fund a construction and permanent mortgage loan for a certain newly constructed development.

On May 16, 2001, the Corporation issued $87,370,000 of its 2001 Series B Multi-Family Housing Revenue Bonds to refund all of its 1991 Series A Multi-Unit Mortgage Refunding Bonds on June 15, 2001. As a result of the refunding, the Corporation reduced its total debt service requirements by $34,934,000 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $20,434,000. No current expense was recognized on this refunding as required by Governmental Accounting Standards Board's Statement 23. The costs associated with the old debt issues are deferred, and are being amortized over the shorter of the life of the old bond issue or the life of the new bond issue.

(c) 80/20 The bonds under this heading are also special revenue obligations of the Corporation and different bonds are secured by different forms of security such as a pledge of the mortgage loans, the programs' assets, the revenues derived from these loans and assets, a letter of credit, FHA mortgage insurance, REMIC mortgage insurance, Fannie Mae mortgage collateral agreements, and Freddie Mac guarantees, each as the case may be.

On December 19, 2000, the Corporation issued $56,000,000 of its variable rate Multi-Family Mortgage Revenue Bonds (Related-15th Street Development), 2000 Series A, to finance a portion of the costs of constructing and equipping a multi-family rental housing facility.

On March 21, 2001, the Corporation issued $10,800,000 of its variable rate Multi-Family Rental Housing Revenue Bonds (Queenswood Apartments), 2001 Series A, to refund all of its 1989 Series A Multi-Family Mortgage Revenue Bonds on March 21, 2001, and to refinance a mortgage loan for a multi-family rental housing facility.

On July 11, 2001, the Corporation issued $22,500,000 of its variable rate Multi-Family Mortgage Revenue Bonds (West 48th Street Development), 2001 Series A and B, to finance a mortgage loan for the purpose of paying a portion of the costs of acquiring, constructing, and equipping a multi-family rental housing facility.

(d) 100% Low-Income Tax-Exempt The bonds issued under the 100% Low-Income Tax-Exempt program are special obligations of the Corporation payable from the revenues and amounts on deposit in the accounts of the respective issues as more fully described in each issue's official statement. Additionally each bond series is payable from amounts obtained under the individual direct pay letters of credit issued by the respective credit issuers.

On December 14, 2000, the Corporation issued $2,800,000 of its 2000 Series A variable rate Multi-Family Mortgage Revenue Bonds (Linden Mews Project) to finance a portion of the costs of constructing and equipping a multi-family rental housing facility.

On December 15, 2000, the Corporation issued $6,700,000 of its 2000 Series A variable rate Multi-Family Mortgage Revenue Bonds (Marmion Avenue Project) to finance a portion of the costs of constructing and equipping a multi-family rental housing facility.

On December 28, 2000, the Corporation issued $9,000,000 of its 2000 Series A variable rate Multi-Family Mortgage Revenue Bonds (Ogden Avenue Project) to finance a portion of the costs of constructing and equipping a multi-family rental housing facility.

On June 28, 2001, the Corporation issued $7,000,000 of its 2001 Series A variable rate Multi-Family Mortgage Revenue Bonds (Fox Street Project) to finance a portion of the costs of rehabilitating and equipping a multi-family rental housing facility.

(e) Hospital Residence The bonds under this program are secured by either bond insurance and/or a letter of credit and are special revenue obligations of the Corporation.

(f) Residential Cooperative Housing The two bond issues of this program are special obligations of the Corporation which are secured by a pledge of payments to be made under the SONYMA insured mortgage loans subject to the terms and conditions contained in the respective insurance contracts. They are additionally secured by the revenues and accounts of the respective issues.

(g) Senior Housing On December 20, 2000, the Corporation issued $6,100,000 of its 2000 Series A variable rate Multi-Family Mortgage Revenue Bonds (55 Pierrepont Development) to finance a mortgage loan for the purpose of acquiring a senior rental housing facility. The bonds under this program are secured by a direct pay letter of credit.

All the bonds of the programs listed above are subject to redemption. Certain issues are also subject to special redemption provisions. The parameters under which the redemptions may occur are set forth in the respective bond resolutions.

(B) Housing Assistance Corporation

HAC is not authorized to issue bonds or notes.

(C) Housing New York Corporation

The bonds and notes of HNYC are not a debt of the State, the BPCA the City, or the Corporation (see note 3C).

Revenue Bond Program:

The 1987 and 1993 Series A Bonds are special revenue obligations of HNYC secured by a pledge of excess revenues from leases executed by the BPCA on or before January 1, 1986, which are in excess of amounts necessary to (1) satisfy certain of the BPCA's bond and note covenants, (2) fulfill all of the BPCA's legal and financial commitments and (3) pay the BPCA's operating and maintenance expenses. These bonds are also secured by monies and securities in the accounts held by the Trustee under and pursuant to the resolution, including the Debt Service Reserve Account. These bonds are not secured by mortgages, leases, or other interests in any of the residential housing facilities built with the proceeds of the bonds.

On December 16, 1993, HNYC issued $258,690,000 of its Senior Revenue Refunding Bonds, 1993 Series A, to advance refund the Revenue Bonds, 1987 Series A. On November 1, 2000, the remaining $11,026,000 1987 Series A bonds were retired.

(D) New York City Residential Mortgage Insurance Corporation

REMIC is not authorized to issue bonds or notes.

Required debt payments by the Corporation and HNYC for the next five years and thereafter are as follows:

	HDC		HNYC		
Year Ending October 31,	Principal	Interest	Principal	Interest	Total
(in thousands)					
2002	$ 81,703	65,879	—	9,225	156,807
2003	47,813	84,774	8,300	9,690	150,577
2004	54,731	64,306	8,705	10,180	137,922
2005	81,686	64,374	9,225	10,710	165,995
2006	58,457	64,766	9,690	11,275	144,188
Total 2002–2006	$ 324,390	344,099	35,920	51,080	755,489
2007–2011	328,503	387,474	56,550	50,528	823,055
2012–2016	328,624	295,987	72,980	33,791	731,382
2017–2021	436,485	209,785	93,240	12,923	752,433
2022–2026	147,835	151,641	—	—	299,476
2027–2031	542,980	91,550	—	—	634,530
2032–2036	394,395	19,962	—	—	414,357
2037–2041	8,935	2,046	—	—	10,981
2042–2042	2,806	159	—	—	2,965
Totals	$2,514,953	1,502,703	258,690	148,322	4,424,668

Note 8: Consultant's Fees

New York City Housing Development Corporation

The fees paid by the Corporation for legal and consulting services in fiscal year 2001 for HDC include: $54,000 to Hawkins, Delafield and Wood; $35,000 to Epstein, Becker & Green, P.C. for legal services. Auditing Fees of $150,000 were paid to Ernst & Young. The Corporation paid consulting fees in the amount of $44,000 to Sungard Recovery. For corporate organization services, Ms. Joan Linley was paid $66,000 and Ms. Leslie Shields was paid $94,000 for organization services and WTC grief counseling services.

In addition, the Corporation paid legal fees of $534,000 to Hawkins, Delafield & Wood for services provided as a result of bond financings. Environmental consulting fees totaling $22,000 were paid to Allee, King, Rosen & Fleming, Inc. The Corporation has been reimbursed for the expenses set forth in this paragraph from either bond proceeds or project developers.

Note 9: Payable to The City of New York

(A) New York City Housing Development Corporation

HPD acts as the regulatory agency for the 1996 Series A Housing Revenue Bond Program mortgages, and as such, receives servicing fees from HDC. At October 31, 2001, the 1996 Series A Housing Revenue Bond Program servicing fees payable to HPD were $28,000.

Under the Section 223(f) Housing Program, the Corporation has a total liability to the City of $11,621,000 as of October 31, 2001 (see note 5).

Also included in this reporting classification are participation mortgages and investment earnings under the 1997 Series A Multi-Family Housing Revenue Bond Program and the 1995 Series A Multi-Family Housing Revenue Bond Program. Amounts included in non-operating expenses for fiscal year 2001 on participation mortgages were $13,000 in the 1995 Series A Multi-Family Housing Revenue Bond Program and $36,000 in the 1997 Series A Multi-Family Housing Revenue Bond Program. The total funds payable to the City over the life of the bond programs on October 31, 2001, are $713,000 in the 1995 Series A Multi-Family Housing Revenue Bond Program and $4,761,000 in the 1997 Series A Multi-Family Housing Revenue Bond Program.

The City provided funds for a subordinate mortgage loan to Sheridan Manor which were advanced pursuant to a mortgage held and serviced by the Corporation. The total liability to the City was $17,998,000 on October 31, 2001.

The Corporation under its DSP has initiated an HPD Loan Servicing Program. From 1991 through 2000 HPD transmitted $909,220,000 and for 2001 $120,845,000 to the Corporation for this activity. At October 31, 2001, the amount payable to the City in the Corporate Services Fund was $138,564,000.

(B) Housing Assistance Corporation

The funds received from the City for HAC as well as any earnings on the funds (see note 3(B)) are also included in this reporting classification on the Combined Balance Sheet. At October 31, 2001, total resources payable to the City amounted to $75,748,000.

(C) Housing New York Corporation

The Corporation is servicing four loans under the Vacant Cluster Program with funds received from the City. At October 31, 2001, total funds held for the City amounted to $676,000.

Note 10: Retirement System

The Corporation and REMIC are participating employers in the New York City Employees' Retirement System (the "System") of which 23 employees of the Corporation and 2 employees of REMIC are members. The Housing Development Corporation and REMIC were not required to make any payments to New York City Employees' Retirement System for the period covering the Corporation's fiscal year.

The Corporation offers its employees the option of participating in a Tax Sheltered Annuity Plan managed by The Equitable Life Assurance Society of the United States as an alternate retirement plan under Section 403(b) of the Internal Revenue Code. The Internal Revenue Service has approved the Corporation as an entity which can provide this type of plan to its employees. The majority of the Corporation's employees participate in this plan.

Note 11: Due to the United States Government

The amount reported in this classification is made up of two major components. A general description of each of the components is as follows:

(A) Due to HUD

The Corporation has entered into contracts with HUD to administer housing assistance payment contracts with housing projects 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, if applicable, for the Corporation. The Corporation receives the annual contract contributions periodically during the year and disburses funds monthly for the benefit of the covered projects. As of October 31, 2001, the Corporation held $2,498,000 in prefunded annual contributions. Related fees earned during fiscal year 2001 amounted to $2,307,000 and are included in the Corporate Services Fund.

On August 1, 1993, the Corporation entered into a Financial Adjustment Factor ("FAF") Refunding Agreement covering the 1993 Series A Multi-Family Housing Revenue Bond Program. Under this agreement, the Corporation returns excess Section 8 subsidy funds to HUD. At October 31, 2001, this amount totaled $24,000.

The Corporation also holds an amount of $31,000 which represents excess 236 interest reduction subsidies.

(B) Rebate Fund

In order to maintain the exemption from federal income tax of interest on bonds issued subsequent to January 1, 1986, the Corporation established a separate fund, the Rebate Fund, into which amounts required to be rebated to the Federal Government pursuant to Section 148 of the Code are deposited. The Code requires the payment to the United States Treasury of the excess of the amount earned on all non-purpose obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue. Project or construction funds, debt service funds, or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds, are subject to this requirement. Issues with respect to which all gross proceeds are expended for the governmental purpose of the issue within the required time period after the date of issue and debt service funds with annual gross earnings of less than $100,000 are exempt from this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. At October 31, 2001, HDC had set aside $301,000 in rebatable funds.

Note 12: Commitments

(A) New York City Housing Development Corporation

The Corporation is committed under one operating lease for office space for minimum annual rentals for the next five years and thereafter as follows:

Year Ending October 31,	
2002	$ 1,149,000
2003	1,149,000
2004	1,149,000
2005	1,217,000
2006	1,240,000
Total 2002–2006	5,904,000
2007–2011	6,442,000
2012–2015	4,481,000
Total	$16,827,000

For fiscal year 2001, the Corporation's rental expense amounted to $1,253,000.

Remaining mortgage commitments and other loan commitments at October 31, 2001, are as follows:

Mortgage Loans:	
Multi-Family Bond Programs:	
Housing Revenue	$100,381,000
80/20	56,557,000
100% Low Income Tax-Exempt	13,162,000
Total Mortgage Loan Commitments	$170,100,000
Other Loans:	
Corporate Services	20,885,000
Total Commitments	$190,985,000

(B) New York City Residential Mortgage Insurance Corporation

HDC is committed under one operating lease for office space and allocates a percentage of that office space to REMIC for minimum annual rentals for the next five years and thereafter as follows:

Year Ending October 31,	
2002	$ 56,000
2003	56,000
2004	56,000
2005	60,000
2006	61,000
Total 2002–2006	$ 289,000
2007–2011	316,000
2012–2015	218,000
Total	$ 823,000

For fiscal year 2001, REMIC's rental expense amounted to $55,000.

As of October 31, 2001, REMIC insured loans with coverage totaling $62,506,000 and had outstanding commitments to insure loans with a maximum insurance coverage of $49,033 ,000.

Note 13: Contingencies

In the normal conduct of the Corporation's business, it is involved in litigation matters. In the opinion of management and the Corporation's legal counsel, the ultimate disposition of such litigation should not have a material adverse effect on the combined financial position of the Corporation.

Note 14: Net Assets

The Corporation's Net Assets are categorized as follows:

- Restricted
- Unrestricted

Restricted assets include net assets that have been restricted in use in accordance with the terms of an award, agreement, or by State law. Unrestricted assets include all net assets not included above.

Changes in Net Assets

The changes during 2001 in Net Assets are as follows:

	Restricted	Unrestricted	Totals
Net Assets:			
Beginning of year	$248,086,000	360,779,000	608,865,000
Income	35,600,000	23,147,000	58,747,000
Transfers	30,883,000	(30,883,000)	—
Net Assets:			
End of year	$314,569,000	353,043,000	667,612,000

Out of the total Unrestricted Net Assets listed below, $108,851,000 are committed to mortgages, other loans, and receivables purchased from New York City. An additional $182,776,000 has been designated by the Members for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has $5,927,000 in fixed assets.

Summary of Unrestricted Net Assets

	2001	2000
Designated Assets:		
Housing Programs	$182,776,000	$140,400,000
Existing Mortgages	84,899,000	89,401,000
Sale of Mortgages	1,356,000	1,906,000
Claim Payment Fund	—	20,458,000
Arbitrage Purchased from New York City	22,596,000	24,122,000
Fixed Assets	5,927,000	5,870,000
Other Low Interest Loans	—	3,770,000
Working Capital	5,000,000	—
Rating Agency Reserve Requirement	40,000,000	—
Total Designated	$342,554,000	$285,927,000
Non-Designated Assets:		
Housing Development Corporation	$ —	$ 66,414,000
REMIC	8,722,000	6,747,000
Housing New York Corporation	1,767,000	1,691,000
Total Non-Designated	$ 10,489,000	$ 74,852,000
Total Unrestricted Net Assets	$353,043,000	$360,779,000

OTHER INFORMATION

Note 15: Subsequent Events

Subsequent to October 31, 2001, and in the course of the Corporation's normal business activities, the following obligations of the Corporation have been issued:

Description	Date	Amount
2001 Series A & B Multi-Family Rental Housing Revenue Bond Program (Related-Lyric Development)—Variable Rate Bonds maturing in 2031	11-01-01	$ 91,000,000
2001 Series C-1 & C-2 Multi-Family Mortgage Revenue Bond Program—Variable Rate, Serial and Term Bonds maturing in varying installments through 2033	11-06-01	28,500,000
2001 Series A Multi-Family Mortgage Revenue Bond Program (Fountains at Spring Creek Project)—Variable Rate Bonds maturing in 2033	11-21-01	7,500,000
2001 Series A Multi-Family Mortgage Revenue Bond Program (The Lafayette Project)—Variable Rate Bonds maturing in 2033	11-21-01	3,700,000
2001 Series A and B Multi-Family Mortgage Revenue Bond Program (Related-West 55th Street Development)—Variable Rate Bonds maturing in 2034	12-18-01	130,000,000
2002 Series A Multi-Family Mortgage Revenue Bond Program (Ninth Avenue Development)—Variable Rate Bonds maturing in 2034	01-04-02	44,000,000
Total		$304,700,000

In addition, due to the receipt of mortgage prepayments during October and November 2001, bonds payable totaling $14,300,000 were called and retired subsequent to fiscal year end.

Year Ended October 31, 2001

Schedule 1:

The following schedule is being presented to provide detailed information on a program basis for the owners of the Housing Revenue Bond Program's obligations.

Housing Revenue Bond Program
Schedule of Balance Sheet Information
October 31, 2001 and 2000 (in thousands)

	2001	2000
Assets:		
Current Assets:		
Cash and investments	$ 2,498	973
Mortgage loan receivable	32,744	11,881
Accrued interest receivable	3,973	5,424
Other receivables	22	17
Other assets	3	17
Total Current Assets	$ 39,240	18,312
Noncurrent Assets:		
Cash and investments	261,447	221,188
Mortgage loan receivable	739,066	668,469
Unamortized issuance cost	5,302	4,591
Primary government/component unit receivable (payable)	(32,330)	(20,122)
Other assets	—	—
Total Noncurrent Assets	$ 973,485	874,126
Total Assets	$1,012,725	892,438
Liabilities:		
Current Liabilities:		
Bonds payable	63,460	21,570
Accrued interest payable	20,241	17,042
Accounts and other payables	2	6
Deferred fee and mortgage income	52	51
Due to the United States	2,522	996
Due to mortgagors	263	205
Total Current Liabilities	$ 86,540	39,870
Noncurrent Liabilities:		
Bonds payable (including deferred bond refunding cost)	647,246	594,701
Discount on bonds payable	(966)	(881)
Payable to New York City	23,500	24,034
Deferred fee and mortgage income	14,008	15,933
Due to the United States	302	1,539
Due to mortgagors	4,478	1,828
Total Noncurrent Liabilities	$ 688,568	637,154
Total Liabilities	$ 775,108	677,024
Net Assets:		
Restricted	237,617	215,414
Total Net Assets	$ 237,617	215,414
Total Liabilities and Net Assets	$1,012,725	892,438

Schedule 1 (cont'd):

Housing Revenue Bond Program
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Fiscal years ended October 31, 2001 and 2000 (in thousands)

	2001	2000
Operating Revenues:		
Interest on loans	$ 60,847	49,467
Fees and charges	2,146	1,029
Other	—	60
Total Operating Revenues	$ 62,993	50,556
Operating Expenses:		
Interest and amortization	39,148	35,603
Services of New York City	322	322
Trustee and other fees	99	191
Amortization of debt issuance costs	421	406
Total Operating Expenses	$ 39,990	36,522
Operating Income	$ 23,003	14,034
Nonoperating Revenues (Expenses):		
Earnings on investments	11,579	12,042
Nonoperating expenses	(49)	(49)
Other	—	11
Total Nonoperating Revenues (Expenses)	$ 11,530	12,004
Income before Distributions and Transfers	$ 34,533	26,038
Operating transfers to Corporate Services Fund	(2,828)	(649)
Distributions	(9,502)	(20,595)
Change in Net Assets	$ 22,203	4,794
Total Net assets—beginning of year	215,414	210,620
Total Net Assets—End of Year	$237,617	215,414

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People photography by Roger Tully, Building photography by Larry Racioppo

MEMBERS

The New York City Housing Development Corporation (HDC) is a public benefit corporation with a seven member governing body. Jerilyn Perine, the Commissioner of the New York City Department of Housing Preservation and Development (HPD), is ex-officio Chairperson. Martha E. Stark, the Commissioner of the New York City Department of Finance (DOF), and Mark Page, the Director of the Office of Management and Budget (OMB), also serve as ex-officio members. The Mayor and Governor both appoint two members to HDC's governing body. Harry E. Gould, Jr., and Bill Green are Mayoral appointees, with Mr. Green serving as Vice Chairperson. Michael W. Kelly and Charles O. Moerdler were appointed by the Governor.

clockwise from top left: Jerilyn Perine, *Chairperson;* Bill Green, *Vice Chairperson;* Michael W. Kelly; Harry E. Gould, Jr.; Charles O. Moerdler; Martha E. Stark; *not pictured:* Mark Page

About the Back Cover: HDC utilized the proceeds from the sale of taxable bonds for the first time in 2001 to finance the development of Chelsea Centro, an 80/20 project containing seventy-one units for low- and moderate-income New Yorkers.

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