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New York City

Housing Development

Corporation

Annual Report

Submitted to
Honorable David N. Dinkins,
Mayor

Honorable Elizabeth Holtzman,
Comptroller

Honorable Philip R. Michael,
Director of Management and Budget

Submitted by
The Chairman and Members of the New York City Housing Development Corporation

Contents

Report of the President

The past year marks the end of a decade of enormous accomplishments for the Housing Development Corporation. Throughout the 1980's, the Corporation has consistently risen to meet New York City's needs for affordable financing for low and moderate income housing. In so doing, HDC has had to respond to an ever changing tax code and variety of Federal and City housing programs. Yet HDC and its subsidiaries, the Housing Assistance Corporation and the Housing New York Corporation, have financed an impressive array of housing initiatives for all New Yorkers, ranging from low-income rental apartments developed under the Federal Section 8 and Turnkey Public Housing Programs and the City's Vacant Building and Construction Management Programs to mixed income developments constructed under the Corporation's "80-20" and Moderate Income Rental Housing Programs. Taken together these initiatives have created affordable housing for thousands of low and moderate income New Yorkers, and more importantly have renewed and revitalized neighborhoods across the City.

The Decade In Review Throughout the 80's, the Corporation's activities were inextricably linked to the resurgence of the City. At the start of the decade, the City, still struggling from the fiscal crisis, was unable to issue its own bonds without Federal guarantees. In this stark environment, HDC made an invaluable contribution to the City's fiscal stabilization efforts by refinancing the City's Mitchell-Lama mortgage loan portfolio, an initiative which the Corporation had begun several years earlier.

Over the ensuing years, HDC's financing programs mirrored the development of the City's housing initiatives as they evolved from their historical reliance on federally funded programs into the unprecedented locally funded efforts that are currently underway. In the early 1980's, HDC's efforts focused primarily on financing Federal Section 8 projects, as well as the vast majority of the City's remaining pipeline of Federal Turnkey Public Housing projects. As the Federal government increasingly withdrew from its fifty year commitment to building low-income housing, HDC redirected its focus as well, providing financing for over 3,000 substantially and moderately rehabilitated apartments.

By the mid-1980's, with the Federal role in housing virtually over, HDC's housing finance initiatives became increasingly tied to the growing array of City funded programs with New York City now spending more of its own funds for housing than the next largest fifty cities combined. Beginning in 1985 and continuing through this year, HDC and its subsidiaries have financed thousands of City-assisted newly constructed and rehabilitated apartments while overcoming the obstacles placed in our path by the passage of the Tax Reform Act of 1986. In 1985, the forerunner of these City-assisted programs, the Moderate Income Rental Housing Program, relied on the use of surplus earnings of the Municipal Assistance Corporation to produce the first non-federally subsidized affordable rental housing in the City since the end of the Mitchell-Lama Program. Then in 1987, the Housing New York Corporation issued over $200 million in bonds backed by the surplus revenues of the Battery Park City Authority to provide funds for the substantial redevelopment of two large clusters of 59 vacant buildings stretching over several square blocks in Harlem and the South Bronx. And now, utilizing its own unrestricted corporate reserves, the Corporation is providing seed money and working capital to not-for-profit developers of homeless and other low and moderate income housing for projects which, when complete, will house close to 20,000 New Yorkers.

1989 The accomplishments of this past year reflect HDC's full participation in the City's housing efforts. During 1989, the Corporation financed another 500 units of newly constructed housing, completing the pipeline of Moderate Income Rental Housing Program projects assisted with surplus funds of the City's Municipal Assistance Corporation. In addition, HDC provided construction and permanent financing for 450 apartments at Sheridan Manor, the largest single substantial rehabilitation project in the City's Vacant Building Program, and the first such project under the program utilizing tax-exempt financing.

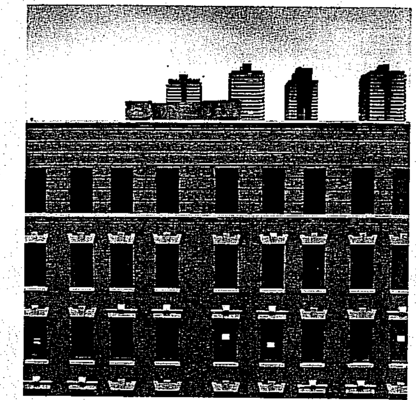
This year's Annual Report focuses particularly on the activities of the Corporation's Development Services Program. Utilizing its unrestricted corporate reserves, HDC has provided over $9 million in Seed Money and Working Capital loans to 21 not-for-profit developers of homeless and other low and moderate income housing. Eighteen of those loans assisted community based not-for-profits in developing transitional and permanent housing, providing shelter for over 2,700 special needs homeless families and individuals. In 1989, this assistance was significantly expanded to three major Citywide not-for-profits, enabling them to begin work on the largest substantial rehabilitation projects in the City's history. Ranging in size from 500 to 900 units each, together these three projects will provide another 2,100 apartments for homeless, low and moderate income New Yorkers.

1990 and Beyond In the 1990's, HDC and its subsidiaries look forward to expanding the partnership we have developed with the City over the past decade. To continue our mandate to support and augment the City's housing initiatives, we must ensure the continued ability of municipalities to issue tax-exempt debt for housing. We are pleased to note that 1989 was the first year that all attempts to place additional limitations on the issuance of tax-exempt housing bonds were defeated and we are hopeful that the coming years will bring a loosening of the restrictions which had been placed on localities to finance affordable housing throughout the 1980s. Finally, after a decade of retreat, thanks to the tireless efforts of the City of New York and other local governments, it now appears that Congress has taken note of the housing crisis confronting our nation's cities, from homeless singles seeking basic shelter to working class households struggling to buy their first homes.

HDC has consistently risen to the challenge of the past decade and looks forward to meeting the needs of the 90's. As the new decade begins, HDC has devised a unique tax-exempt bond financing structure for low-income limited-equity cooperatives, demonstrating one more example of the Corporation's ability to adapt to the City's changing housing environment. Financing for the first such project in the Williamsburg section of Brooklyn will be available in early 1990. By continuing to create such financing tools, we are confident that HDC's efforts over the new decade will provide hope and promise for the development of decent affordable housing for all New Yorkers.

Felice Michetti
President

The Year In Review



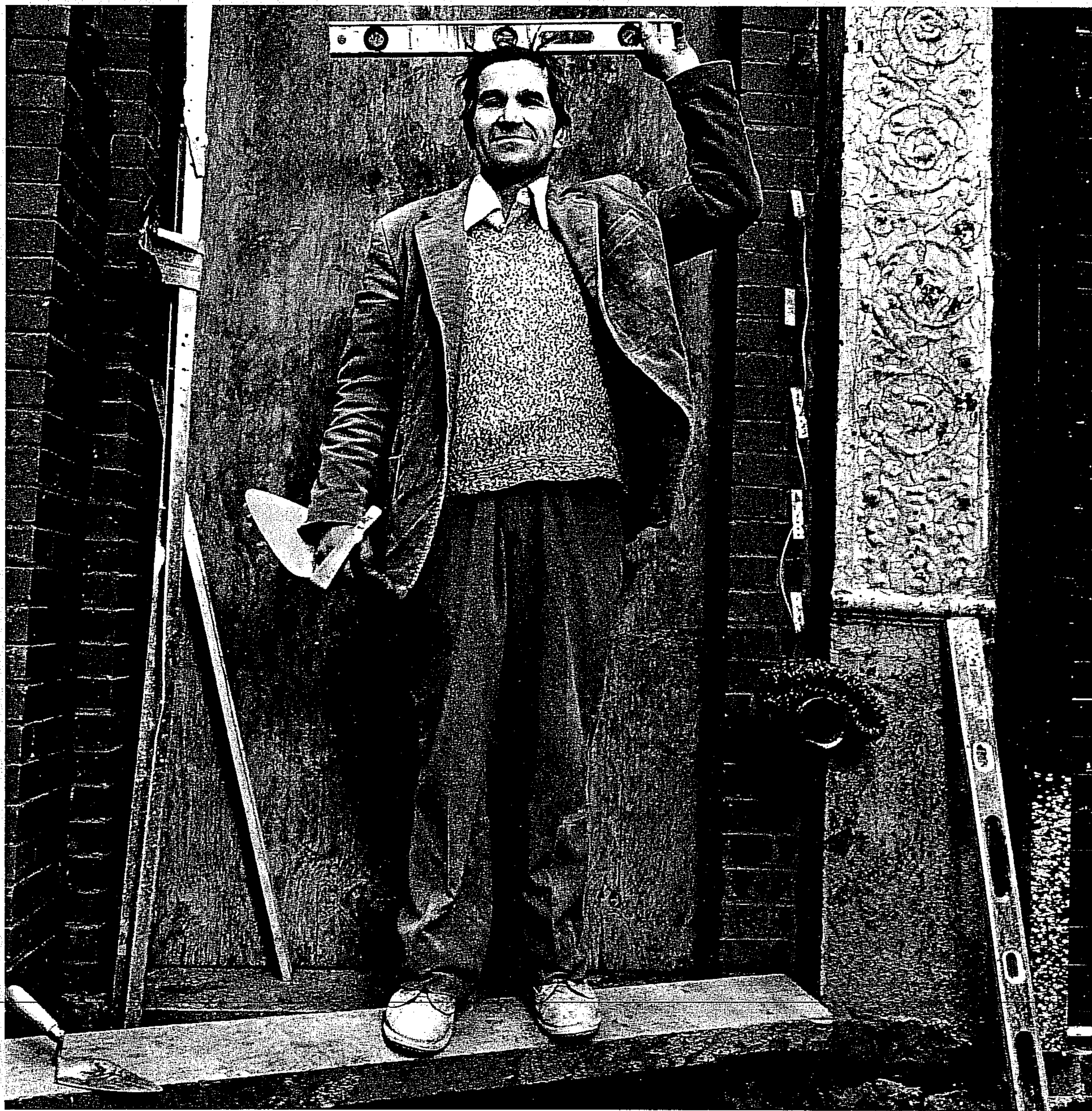
1989 was a year of continued accomplishment for the New York City Housing Development Corporation, one which witnessed both a continuation of the Corporation's traditional financing activities and an expansion of HDC's innovative Development Services Program. Over the past year, HDC provided financing for nearly 1,000 units of newly constructed and substantially rehabilitated low and moderate income housing through the Moderate Income Rental Housing Program as well as the Vacant Building Program of the New York City Department of Housing Preservation and Development. The year also saw the harvesting of the first fruits of the Development Services Program, fully established in 1988, as construction commenced on eight of the City's Capital Budget Homeless Housing Program projects for which HDC provided Seed Money Loans. As 1990 began, pre-development work was being finalized on many of the other Seed Money Loan projects, including the first phase of the City's Vacant Cluster Program.

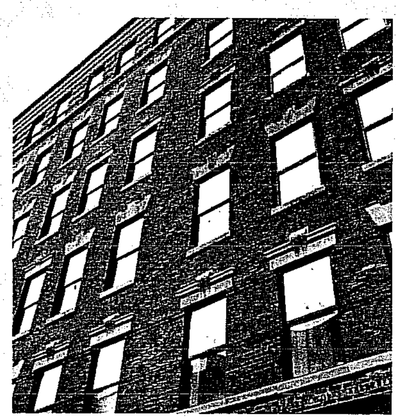
FINANCING ACTIVITIES In 1989, the Corporation issued three series of bonds to finance two newly constructed Moderate Income Rental Housing projects and the largest substantial rehabilitation project in the City's Vacant Building Program. HDC also advance refunded the MBIA Insured Residential Revenue Bonds (Royal Charter Properties - East, Inc. Project) 1985 Series 1, which provided financing for 520 units of staff housing for New York Hospital. This advance refunding generated $5 million in savings for the not-for-profit institution.

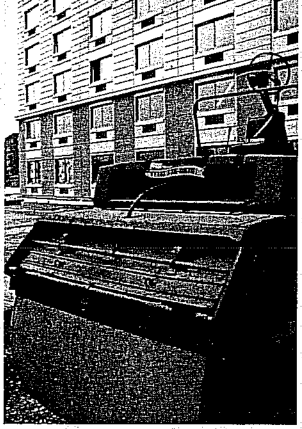
Moderate Income Rental Housing Program In January, the Corporation issued $10 million in refunding bonds to provide a portion of the financing for the 151-unit Upper Fifth Avenue Place Apartments, located on both sides of Fifth Avenue between 111th and 112th Streets in Harlem. The developer, General Atlantic Realty Corporation, completed construction by year's end, with the first tenants occupying their new apartments. Pursuant to the guidelines of the Moderate Income Rental Housing Program, 20 percent of the units in the project will be rented to households earning less than 50 percent of the area median income. The remaining units will be affordable to moderate and middle income families. HDC's subsidiary, the Housing Assistance Corporation, provided a $9.2 million 40-year second mortgage to make construction of the project feasible for these target income groups.

COLUMBA HALL

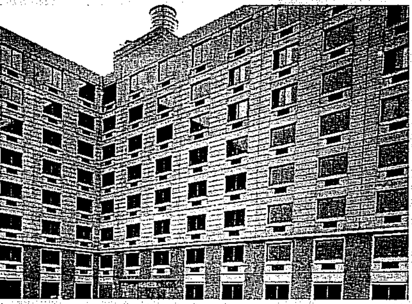
Columba Hall, located at 205 East 118th Street in Manhattan, is a 110-unit Single Room Occupancy ("SRO") project for mentally disabled single adults which is being rehabilitated through the City's Capital Budget Homeless Housing Program. The project's not-for-profit sponsor, Columba Kavanagh House, received a $132,200 Seed Money Loan from HDC which enabled rehabilitation of the SRO to begin in May 1989.



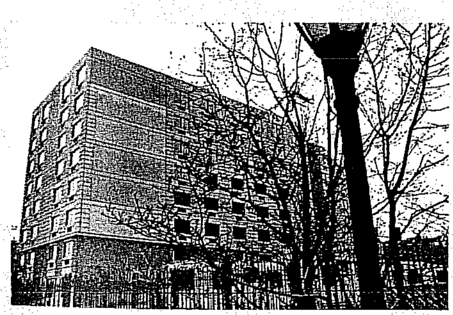




Queenswood Apartments, located at Lewis Avenue and 100th Street in Queens, is being financed pursuant to the Moderate Income Rental Housing Program. The project, which contains 296 units, including 59 for low-income families, was financed with an $11.2 million HDC first mortgage and a long term $17.9 million 1% subordinate loan from the Housing Assistance Corporation, an HDC Subsidiary.



QUEENSWOOD APARTMENTS



In March, HDC issued $12.4 million in refunding bonds to provide a portion of the financing for Queenswood Apartments, a 296-unit Moderate Income Rental Housing Program project located on 100th Street and Lewis Avenue in the Corona section of Queens. The Housing Assistance Corporation provided a $17.9 million 40-year second mortgage for the project to ensure its long-term affordability to low, moderate, and middle income families.

The Queenswood project is unique: it is the first mid-rise multi-family development in the City to take advantage of the prefabricated building system developed by Forest City Residential Development, Inc. As a result, the construction time for completing the project was cut nearly in half, from 18 months to 10 months, generating substantial cost savings.

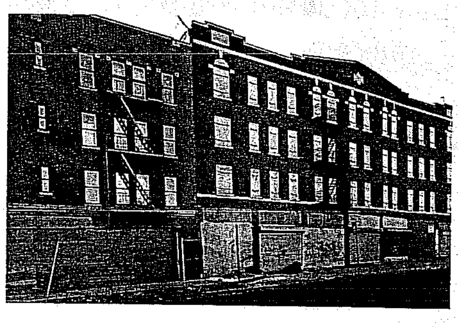
Finally, in December, HDC and HAC jointly provided $6.1 million in financing for Astoria Apartments in Queens. The financing of this 62-unit new construction development completes the Corporation's pipeline of Moderate Income Rental Housing Program projects. In total, 1,325 newly constructed and substantially rehabilitated units have been created in all five boroughs through the Moderate Income Rental Housing Program.

Vacant Building Program The past year also marked the Corporation's first participation in the Vacant Building Program of the New York City Department of Housing Preservation and Development ("HPD"). Through the Vacant Building Program, an integral part of the City's overall housing initiative, thousands of abandoned apartments are renovated for low and moderate income New Yorkers. To date, more than 8,000 apartments have been completed, are under construction or are in the development process.

In October, HDC issued $11.6 million in refunding bonds to provide construction and permanent financing for Sheridan Manor Apartments, the single largest project in the Vacant Building Program. When completed, Sheridan Manor will provide 450 dwelling units in ten formerly vacant buildings in the South Bronx. The affordability of all units in the project was made possible by the combination of HDC financing, an $18.7 million second mortgage from HPD at a 1% rate of interest, and the City's sale of the buildings for $1 each. In addition, real estate tax abatements and exemptions provided through the City's J-51 Program will permit the project to support HDC and HPD's mortgage debt by fully abating real estate taxes for 20 years. As a result, rents in the project will range from $325/month for a studio to $675/month for a three-bedroom unit, with all apartments affordable to low and moderate income families.

The St. John's Place Family Center, located in the Crown Heights section of Brooklyn, is another Capital Budget Homeless Housing Program project which will contain 102 units fo homeless families. The project not-for-profit sponsor, Settlement Housing Fund, received a $232,400 Seed Money Loan from HDC which enabled rehabilitation to begin in January 1989.

ST. JOHN'S PLACE FAMILY CENTER

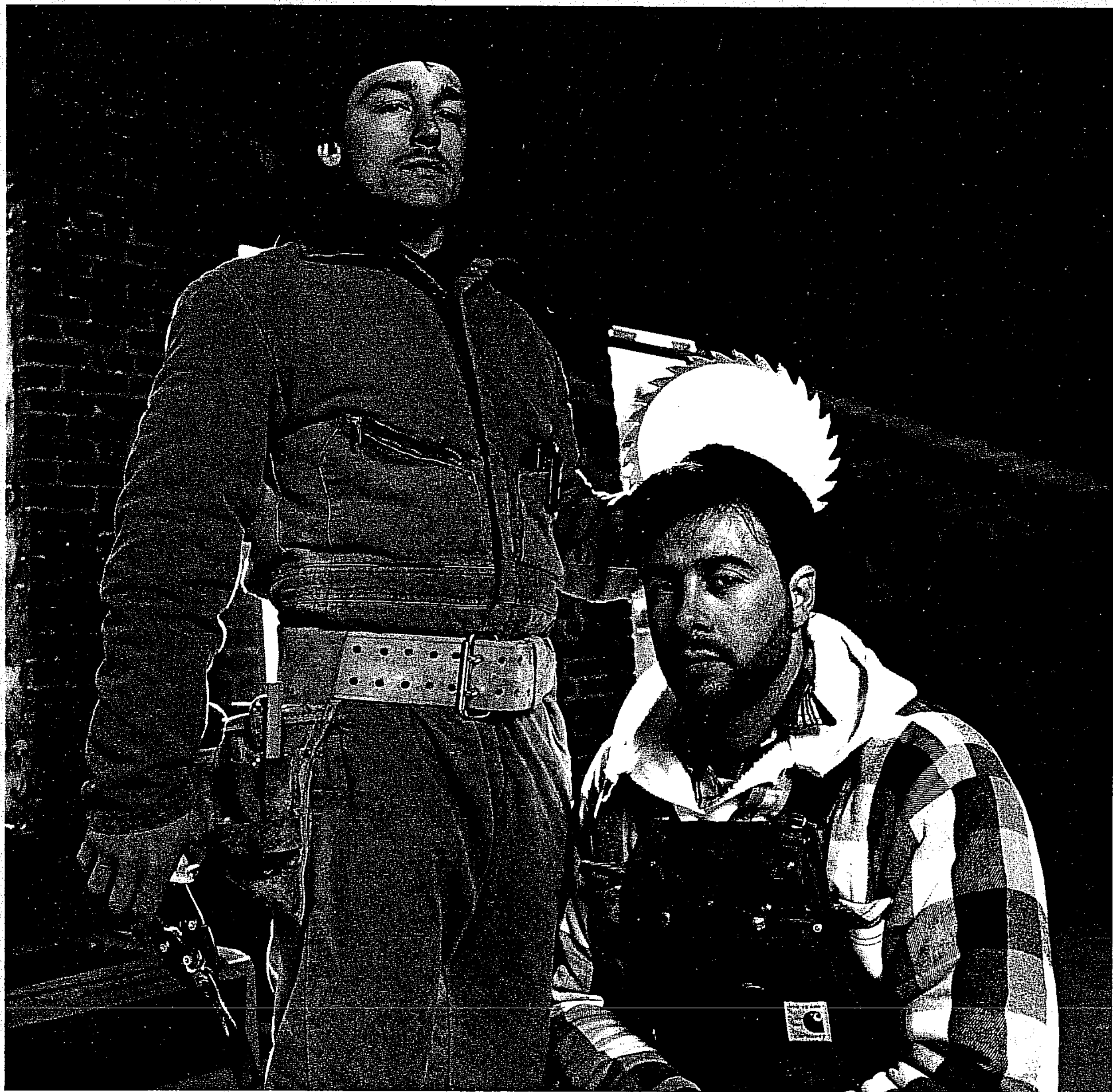


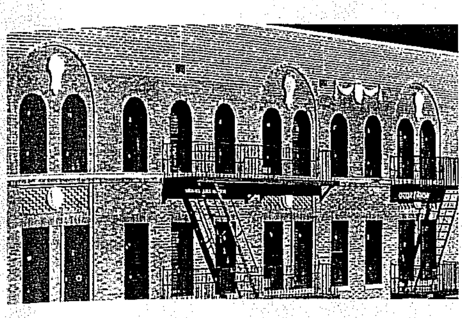
The HDC bonds for Sheridan Manor are secured by a creative partnership of private and public entities, which enabled the developer, Sparrow Construction Corporation, to obtain the lowest possible construction and permanent interest rates. During the construction period, all advances of bond funds are being secured by a direct pay letter of credit from Citibank, N.A. Following the completion of construction and the rent-up of the project, the State of New York Mortgage Agency will insure the permanent mortgage loan. This is the first financing which combines these sources of credit enhancement, one from a conventional construction lender with expertise in that area, and the other from a public benefit corporation with a successful history of insuring permanent mortgage loans for assisted multifamily housing. As a result of this innovative financing structure, the Corporation was able to obtain a municipal bond insurance policy from Capital Guaranty, permitting the issue to be rated AAA by Standard and Poor's Corporation, thus lowering the overall financing costs for the project.

THE DEVELOPMENT SERVICES PROGRAM: Nurturing the creation of homeless and other low-income housing with HDC seed money loans.

Capital Budget Homeless Housing Program During 1989, construction commenced on the first projects which HDC assisted through its Seed Money Loan Program. The framework for the Program was established late in 1987 when the Corporation approved the use of HDC's unrestricted reserves to make seed money loans to fund the pre-development expenses of not-for-profits rehabilitating vacant buildings for homeless families and individuals.

HDC inaugurated the Seed Money Loan Program in 1988 by making such loans to 18 not-for-profit sponsors selected by HPD to participate in its Capital Budget Homeless Housing Program ("CBHHP"). Under the program, City-owned buildings are sold for $1 to not-for-profit sponsors of homeless housing projects and capital funds are provided by the City to fully rehabilitate the buildings.





NEW SETTLEMENT APARTMENTS

New Settlement Apartments, located along four blocks of Townsend Avenue and Walton Avenues in the Bronx, is the largest single substantial rehabilitation project in the City's history. The project is being developed pursuant to the City's Construction Management Program. It encompasses the rehabilitation of 14 vacant buildings containing 893 low-income units, 30% of which are being set aside for the homeless.

Financing for the rehabilitation is being provided by the Housing New York Corporation. In addition, the project's not-for-profit sponsor, Settlement Housing Fund received a $1,023,000 Working Capital Loan from HDC to fund costs incurred in starting up and marketing the project.

The projects themselves will provide both transitional and permanent housing for individuals and families residing in the City's "welfare" hotels or emergency shelters. In addition to creating desperately needed affordable housing, the CBHHP projects will provide social services to specific groups of homeless individuals and families in an effort to address their special needs and enhance their ability to meet the challenges of urban life and become self-supporting. Such services and facilities will include community residences for the mentally disabled, adult care residences for the physically disabled, emergency shelters for victims of domestic violence, and residences for recovering substance abusers, employable young adults, pregnant young mothers and families with chronic health problems.

While HPD had committed to provide both the buildings and the capital to construct these homeless housing projects, the City was without the means to advance funds to the not-for-profits for pre-construction expenses until such time as the sale of the City-owned sites was approved by the Board of Estimate. Such pre-development funds are critical to these projects since the process of obtaining Board of Estimate approval can be lengthy, at times taking from six months to one year.

Thus, in order to accelerate the pace of development of these urgently needed homeless projects, HPD requested that the Corporation utilize its unrestricted corporate reserves to make Seed Money Loans to the groups HPD had selected. The availability of HDC funds during the public approval process allowed the not-for-profits to secure the project sites, to protect them against further physical deterioration, and to contract for architectural services for design work necessary to obtaining building permits in order to ensure that rehabilitation work commences shortly after Board of Estimate approval.

In 1988, HDC committed nearly three million dollars for 18 Seed Money Loans. During 1989, construction began for eight of these 18 projects. Four more are expected to close in January 1990, with five others scheduled to commence construction by the Spring. When completed, the projects will provide housing for a total of over 2,700 needy homeless individuals and families residing in Brooklyn, the Bronx and Manhattan.

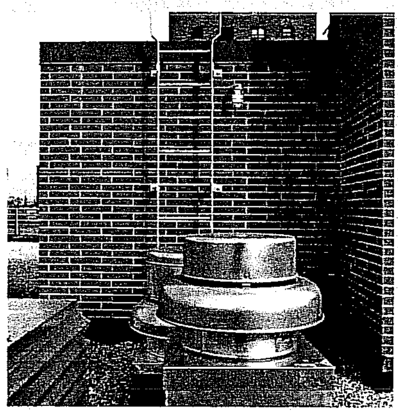
Vacant Cluster Program In 1989, the Corporation dramatically expanded the scope of the Seed Money Loan Program by committing nearly five million dollars for two loans to two not-for-profits participating in the City's Vacant Cluster Program. Through this initiative, two large clusters of vacant buildings in the South Bronx, one along Fulton Avenue, the other in Highbridge, will be rehabilitated to create housing for a mix of homeless and other low and moderate income families.

Phipps Community Development Corporation, one of the oldest not-for-profit low-income housing developers in the nation, will develop the Fulton Avenue site. Since its inception in 1928, Phipps has developed over 4,000 units of low-income housing. The other project is being developed by the Housing Development Institute ("HDI"), a subsidiary of Catholic Charities of the Archdiocese of New York established in 1987. Through HDI, the Archdiocese is carrying out its commitment to providing critically needed housing for the homeless and other low and moderate income New Yorkers. HDC Seed Money Loan funds will be utilized to fund such essential pre-development costs as the preparation of architectural drawings, site surveys, insurance premiums and consultant and legal fees for both projects.

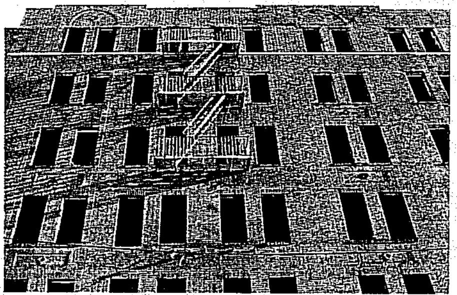
The availability of HDC Seed Money Loan funds has enabled the two not-for-profits to begin development immediately following their designation by HPD and prior to their approval by the Board of Estimate. By the end of 1989, virtually all pre-development work for both projects had been completed and the developers were soliciting bids from qualified general contractors to perform the reconstruction work. As a result, the rehabilitation of 1,285 apartments in the South Bronx is expected to commence in the Spring of 1990 with financing provided by the Housing New York Corporation, an HDC subsidiary.

FIFTH AVENUE PLACE EAST/WEST

Fifth Avenue Place East/West, located on both sides of Fifth Avenue between 111th Street and 112th Street in Manhattan, will provide 150 units of newly constructed housing for low, moderate and middle income families through the Moderate Income Rental Housing Program. HDC issued $10 million in tax exempt bonds secured by a Bankers Trust letter of credit to provide the first mortgage for the project. To ensure the affordability of the project, HDC's subsidiary, the Housing Assistance Corporation, provided a long term $9.2 million 1% subordinate loan.

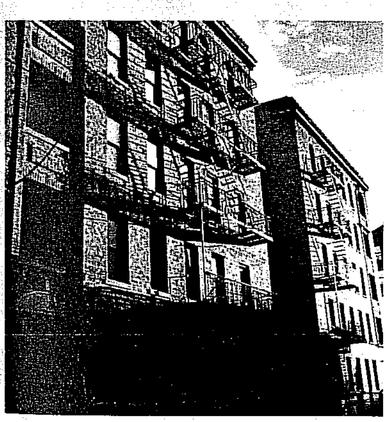


Sheridan Manor Apartments, the largest development in the City's Vacant Building Program, is being financed with an $11 million HDC first mortgage and a long term $18.75 million 1% subordinate loan for the City's Department of Housing Preservation and Development. Rehabilitation of 10 vacant buildings along Sheridan Avenue and Marcy Place in the Bronx commenced in October. When completed, the project will provide 450 apartments for low and moderate income families.



SHERIDAN MANOR APARTMENTS

HDC's Seed Money Loan Program for the Vacant Cluster projects demonstrates the vital role the Corporation is playing in the City's assisted housing redevelopment efforts and the inter-relationship between the Corporation and its subsidiaries and HPD. As plans to finance these sites are being finalized, HDC and HPD are already working on another group of projects; the not-for-profit groups have been selected and HDC is expected to make Seed Money Loans for these projects in early 1990. When all of the projects in the Vacant Cluster Program currently under development are completed, over 2,000 apartments will be rehabilitated and returned to the City's housing stock, benefitting homeless and other low and moderate income families, and strengthening neighborhoods for generations to come.



THE FUTURE The decade of the 80's witnessed a drastic and nearly complete withdrawal of Federal financial assistance for housing. Compounding this withdrawal, Congress further restricted HDC's ability to provide financing for housing itself through the issuance of tax-exempt bonds. Nevertheless, HDC continued to respond to the challenges of financing affordable housing in New York. At the same time, the City of New York committed an unprecedented level of its own funds in order to fulfill its housing needs. Working together, the City and HDC have already made great inroads into New York's housing crisis.

As the new decade of the 90's begins, we are hopeful that the Federal government's historical commitment to affordable housing will re-emerge with the recognition in Washington of the critical housing needs of cities across the nation. With Federal support, all of us, marshalling the commitment, resources and talent of the housing and development community in New York, can end the plague of homelessness and house the countless working families currently living in doubled-up conditions or unable to buy their first homes. It will be our common goal to renew, improve and expand the City's housing stock as we approach the next century.

Members and Officers

The Members of the New York City Housing Development Corporation, by law, consist of the Commissioner of the Department of Housing Preservation and Development of the City of New York, who is designated by the Corporation's enabling legislation as its Chairman ex-officio; the Director of Management and Budget of the City of New York, serving ex-officio; the Finance Commissioner of the City of New York, serving ex-officio; and four public members, two appointed by the City's Mayor and two appointed by the Governor of the State of New York. The action of a minimum of four Members is required to exercise the Corporation's powers.

Members

ABRAHAM BIDERMAN*, *Chairman and Member ex-officio* Mr. Biderman was appointed to the position of Commissioner of HPD, effective January 19, 1988. He also serves as Chairman of the New York City Rehabilitation Mortgage Insurance Corporation, the Housing New York Corporation and the Housing Assistance Corporation. In addition to his responsibilities as Commissioner of HPD, he acts as Special Advisor to the Mayor. Prior to his appointment as Commissioner of HPD, Mr. Biderman served as the City's Commissioner of Finance. Prior to that he held several government positions including Special Assistant to the Mayor, Assistant to the Deputy Mayor for Finance and Economic Development and Assistant Deputy State Comptroller in the Office of the Special Deputy Comptroller.

**On March 16, 1990, Felice Michetti was appointed Commissioner of HPD and assumed the position of Chairman of the Corporation.*

GEORGE GLEE, JR., *Vice Chairman and Member, term expires January 1, 1993* Mr. Glee is Executive Director of the Vannguard Urban Improvement Assn., Inc., a Brooklyn, New York based not-for-profit corporation that administers a wide range of economic development, commercial and residential rehabilitation and youth programs. Prior to that he served as consultant to the John Hay Whitney Foundation and was Vice President for Economic Development of the Bedford Stuyvesant Restoration Corporation for nine years.

PAUL DICKSTEIN*, *Member ex-officio* Mr. Dickstein is Director of Management and Budget of the City of New York, to which office he was appointed on February 16, 1985. He was formerly Deputy Director of the Office of Management and Budget of the City of New York and Deputy Commissioner of the New York City Police Department.

**On January 1, 1990, Philip R. Michael was appointed Director of Management and Budget of the City of New York.*

ANTHONY E. SHORRIS*, *Member ex-officio* Mr. Shorris is the Commissioner of Finance of the City of New York. He was appointed as Finance Commissioner by the Mayor effective January 18, 1989. Mr. Shorris was formerly the Deputy Director of the Office of Management and Budget of the City. Prior to that he was Director of Management Planning and Analysis for the City's Department of General Services. He also serves as Chairman of the Board of Trustees of the New York City Employee Retirement System, and as a member of the Police and Fire Boards.

**On February 20, 1990, Dr. Carol O'Cleirecain was appointed Commissioner of Finance.*

Officers

HARRY E. GOULD, JR., *Member, serving pursuant to law* Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation. He was Chairman and President of Cinema Group, Inc., a major independent film financing company from 1982 to May 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. Mr. Gould was a member of the Board of Trustees of Colgate University from 1976 to 1982. He is a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee. He is also a member of the Board of Directors of USO of Metropolitan New York, United Cerebral Palsy Research and Educational Foundation, and the National Multiple Sclerosis Society of New York.

JAMES M. YASSER, *Member, term expires January 1, 1991* Mr. Yasser is Senior Vice President of Milstein Properties Corp., a major real estate development organization based in New York City. Mr. Yasser is an attorney and a member of the New York Bar. Mr. Yasser previously served as President of the Corporation, resigning the Presidency in May 1988 to assume his current position. Prior to joining the Corporation, he was associated with the Kalikow Realty and Construction Corp., the Carlin-Atlas Construction Corp. and also served as an investment banker specializing in housing finance. Mr. Yasser is a member of the Board of Directors of the Bronx Museum of the Arts and is currently serving as Co-Chairperson of the Housing and Neighborhood Task Force of the Bronx Development Council. Mr. Yasser is a member of the Board of Directors of the National Housing and Rehabilitation Association.

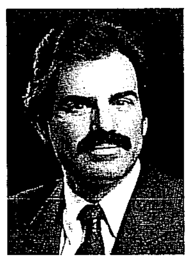
FELICE MICHETTI, *President* Ms. Michetti was appointed President of the Corporation effective September 1, 1988. She is concurrently the First Deputy Commissioner for Policy Planning and Production of HPD. Prior to her appointment as First Deputy Commissioner, Ms. Michetti served as Deputy Commissioner of HPD's Office of Property Management. Before that she was an Assistant Commissioner for Rehabilitation Finance at HPD. Ms. Michetti began her public service career with the Department of City Planning in 1973 and went on to HPD in 1979. Ms. Michetti is a graduate of Fordham Law School and a member of the New York Bar.

ABRAHAM J. GREENSTEIN, *Executive Vice President* Mr. Greenstein was appointed Executive Vice President on September 1, 1988. Mr. Greenstein joined the Corporation in January, 1983, and was appointed Vice President-Treasurer of the Corporation in April, 1983, and Senior Vice President for Finance in February, 1985. Prior to joining the Corporation, Mr. Greenstein served in the New York State Comptroller's Office for 10 years where he was responsible for the development of financial analysis for the Office of the Special Deputy Comptroller, the State agency established to monitor the City's financial operations for the Financial Control Board and the Municipal Assistance Corporation for the City.

PAZEL G. JACKSON, JR., *Member, serving pursuant to law* Mr. Jackson is Senior Vice President of Chemical Bank. He also serves as a director of the National Corporation of Housing Partnerships. Mr. Jackson was formerly Assistant Commissioner of the City Department of Buildings and Chief of Design of the New York World's Fair Corporation.

MARTIN I. SIROKA, *Vice President and General Counsel* Mr. Siroka, an attorney and member of the New York Bar, assumed the role of Vice President and General Counsel in January, 1987. He previously served the Corporation as Deputy General Counsel and Secretary. Prior to joining the Corporation in 1982, he held various legal positions with HPD.

JONI L. BROOKS, *Vice President–Development* Ms. Brooks joined the Corporation in June, 1986. Prior to this, she was the Director of Housing Finance for the New York State Housing Finance Agency. Previously, Ms. Brooks was with Urban Land Interest, Inc., a real estate development firm, and the Wisconsin Housing Finance Authority.



DAVID S. BOCCIO, *Deputy General Counsel and Secretary* Mr. Boccio joined the Corporation in December, 1986, and was appointed Deputy General Counsel and Secretary in January, 1987. Prior to joining the Corporation, he was associated with a law firm in Washington, D.C. He is a member of the New York, Maryland and District of Columbia Bars.

Projects Financed by the Corporation

General Housing Program

PROJECT NAME	ORIGINAL MORTGAGE	NUMBER OF UNITS	
Brooklyn			
Linden Plaza	$50,351,000	1,527	N
TOTAL	$50,351,000	1,527	
Manhattan			
Yorkville Towers	$62,712,000	1,258	N
Independence Plaza North	64,595,000	1,332	N
Waterside	61,577,000	1,100	N
Knickerbocker Plaza*	24,844,000	578	N
North Waterside*	12,859,000	370	N
TOTAL	$226,587,000	4,638	
Queens			
Kew Gardens Hills	$10,367,000	1,269	R
Ocean Park	18,266,000	602	N
TOTAL	$28,633,000	1,871	
TOTAL GENERAL HOUSING PROGRAM	$305,571,000	8,036	

*Financed by Multi-Family Housing Bonds issued in October, 1982.

223(F) Refinancings (Multi-Family Housing Limited Obligation Bonds/Multi-Unit Mortgage Bonds 1980 Series A)

Bronx			
Albert Einstein Staff Housing	$8,779,982	634	
Allerville Arms	2,251,100	212	
Boulevard Towers I	3,299,300	329	
Boulevard Towers II*	6,762,925	356	
Bruckner Towers	2,656,500	208	
Candia House	1,405,093	103	
Carol Gardens	3,330,000	314	
Delos House	1,555,431	124	
Fordham Towers	1,296,100	168	
Janel Towers*	3,914,254	229	
Keith Plaza*	6,816,400	301	
Kelly Towers*	4,526,500	301	
Kingsbridge Apartments*	1,997,998	90	
Kingsbridge Arms	769,700	105	C
Montefiore Hospital Housing Section II	7,662,400	398	
Noble Mansion	2,618,800	236	
Robert Fulton Terrace	2,357,900	320	
Scott Towers	2,748,700	351	C
Stevenson Commons*	25,000,000	947	
University River View*	5,797,364	225	
Woodstock Terrace	2,213,400	319	C
TOTAL	$97,759,847	6,270	
Brooklyn			
Atlantic Plaza Towers	$5,375,400	716	
Atlantic Terminal 2C*	4,666,776	200	C
Atlantic Terminal 4A*	6,933,501	304	C
Brighton House	1,477,000	191	C
Cadman Plaza North	2,081,300	250	C
Cadman Towers	9,487,100	421	C
Contello III	1,277,900	160	C
Crown Gardens*	5,882,600	238	C
Essex Terrace*	1,749,130	104	
Middagh Street Studio Apartments	1,008,800	43	
Prospect Towers	2,193,800	153	
Tivoli Towers*	8,098,200	302	
TOTAL	$50,231,507	3,082	
Manhattan			
Beekman Staff Residence	$1,226,300	90	
Bethune Towers	1,518,400	135	
Clinton Towers*	10,288,191	396	
Columbus House	3,502,500	248	
Columbus Manor*	2,500,000	202	
Columbus Park	1,467,900	162	C
Confucius Plaza*	23,266,433	760	C
Cooper-Gramercy	4,764,408	167	
Corlear Gardens	972,100	117	C
East Midtown Plaza	17,157,400	746	C
Esplanade Gardens	14,437,500	1,870	C
Glenn Gardens*	8,196,000	266	
Goddard Towers	2,381,600	193	C
Goodwill Terrace*	3,596,881	207	
Gouveneur Gardens	5,993,600	778	C
Heywood Towers*	5,396,763	188	
Hudsonview Terrace*	11,546,500	395	
Jefferson Towers	1,619,000	189	C
Lands End I*	7,206,404	250	
Leader House*	6,267,800	279	
Lincoln-Amsterdam*	6,028,500	186	C
New Amsterdam House*	6,459,700	228	
1199 Plaza*	59,708,979	1,586	C
Polyclinic Apartments	1,323,100	159	
Riverbend	8,267,900	622	C
Riverside Park*	26,021,800	1,190	
RNA House	1,841,600	207	C
Rosalie Manning Apts.	903,100	108	C
Ruppert House*	16,778,000	632	C
St. Martin's Tower	2,865,500	179	C
Strycker's Bay	1,792,700	233	C
Tower West*	3,985,859	216	
Town House West*	1,100,000	47	
Tri-Faith House	1,494,800	147	C
Trinity House	2,540,500	199	
Washington Sq. Southeast	1,905,200	174	C
West Side Manor	3,147,200	245	
Westview Apartments	1,656,000	137	
West Village	12,034,500	420	
Westwood House*	1,498,878	124	
TOTAL	$294,659,496	14,675	

*Section 236 Subsidized Projects

All of the above are rental projects, with the exception of cooperatives which are designated with a "C."

N=New Construction R=Rehabilitation

Queens			
Bay Towers*	$5,475,544	374	
Bridgeview III	1,950,907	170	
Court Plaza	5,368,893	246	
Dayton Towers	14,871,800	1,752	C
Forest Park Crescent	1,756,976	240	C
Seaview Towers*	13,264,700	461	
Sky View Towers	3,910,900	252	
TOTAL	$46,599,720	3,475	
Staten Island			
North Shore Plaza*	$17,112,240	535	
TOTAL	$17,112,240	535	
TOTAL 223(f) REFINANCINGS	$506,362,810	28,037	

FHA Insured/Sec. 8/1979 Series A Bonds

Bronx			
Academy Gardens	$18,120,300	471	R
Crotona Ave.	3,222,800	74	R
Miramar Court	4,895,900	90	R&N
TOTAL	$26,239,000	635	
Brooklyn			
President Arms Apts.	$1,326,500	32	R
Prospect Arms Apts.	3,505,700	91	R
1650 President Street	2,411,200	48	R
TOTAL	$7,243,400	171	
Manhattan			
Lenoxville	$5,584,700	118	R
Lower East Side Phase II	5,665,000	100	R
TOTAL	$11,249,700	218	
TOTAL	$44,732,100	1,024	

FHA-Insured/Sec. 8/1982 Series A Bonds

Bronx			
Alexander A. Corprew	$4,380,500	78	R
Faile Street Rehab, Aldus I	5,240,600	95	R
Fairmont Place	1,586,400	28	R
Hunts Point I	7,769,000	125	R
Macombs Village	10,075,600	172	R
Mid-Bronx Development II	8,833,500	159	R
Mid-Bronx Development III	4,215,000	75	R
Sebco IV	4,077,600	71	R
Southern Boulevard IV	4,999,200	89	R
Woodycrest Courts I	6,531,800	115	R
TOTAL	$57,709,200	1007	
Brooklyn			
Ambassador Terrace	$2,990,100	66	R
1596 Development	843,700	17	R
1451 Development	1,830,400	34	R
Penn Gardens I	4,183,300	90	R
Pulaski Manor	3,319,400	65	R
Rose Gardens	6,855,300	135	N
Sallie Mathis Gardens	10,788,900	162	N
Sunset Park NSA-I	9,582,900	187	N
Sutter Gardens	13,800,500	258	N
TriBlock	4,813,100	96	N
TOTAL	$59,007,600	1,100	

Manhattan			
Malcolm X-II Phase A	$4,938,600	91	R
McKenna Square Houses	5,817,300	104	R
Paul Robeson Houses	4,603,000	81	R
Renaissance Courts	2,568,400	49	R
Mother Zion McMurray	4,631,200	76	N
Pueblo Nuevo	9,940,300	172	N
TOTAL	$32,498,800	573	
Staten Island			
Richmond Gardens	$7,357,000	141	R
TOTAL	$7,357,000	141	
TOTAL	$156,572,600	2,831	

FHA-Insured/Sec. 8/1983 Series A Bonds

Bronx			
Brookhaven I	$5,673,500	95	R
Villa Alejandrina	4,084,600	71	R
Woodycrest Court II	3,199,800	58	R
Lewis Morris Apartments	10,098,700	271	R
Thessalonica Court	14,018,900	192	N
TOTAL	$37,075,500	687	
Brooklyn			
Boro Park Courts	$8,459,100	131	R
Fulton Park Site 7 & 8	13,780,700	209	N
La Cabana	9,603,700	167	N
TOTAL	$31,843,500	507	
Manhattan			
Caparra La Nueva	$5,956,600	84	N
Cooper Square	10,726,100	146	N
Ennis Francis	16,794,100	230	N
Hamilton Heights Terrace	8,654,300	132	N
Lexington Gardens	7,786,900	108	N
TOTAL	$49,918,000	700	
TOTAL	$118,837,000	1,894	

FHA-Insured/Sec. 8/1983 Series B Bonds

Bronx			
Clinton Arms	$4,962,700	86	R
McGee Hill Apartments	3,677,200	59	R
McKinley Manor	3,738,100	60	R
Sebco-Banana Kelly	4,510,200	65	R
Target V-Phase I	5,026,000	83	R
Washington Plaza	4,954,000	75	R
Felisa Rincon de Gautier Houses	7,420,400	109	N
Rainbow Plaza	9,221,700	127	N
TOTAL	$43,510,300	664	
Brooklyn			
Crown Heights #1	$2,197,400	36	R
Crown Heights #2	1,744,700	32	R
TOTAL	$3,942,100	68	
Manhattan			
Revive 103	$4,318,000	60	R
Will A View Apartments	3,777,300	55	R
Charles Hill Towers	7,373,200	101	N
Metro North Court	6,063,300	91	N
TOTAL	$21,531,800	307	
TOTAL	$68,984,200	1,039	

80/20 New Construction Program

BOND SERIES	PROJECT NAME	AMOUNT OF MORTGAGE	NUMBER OF UNITS	LOCATION
Variable Rate Demand Bonds/1984 Series A and 1988 Series A	Carnegie Park	$70,000,000	462	93rd & 3rd
First Nationwide Savings/ 1985 Issue A	600 Columbus	24,600,000	166	89th & Columbus Ave.
FHA Insured/1985 Series A	Westmont	32,500,000	162	95th & Columbus Ave.
Variable Rate Demand Bonds/1985 Series A	Columbus Green	14,500,000	95	87th & Columbus Ave.
Multi-Family Development Bonds/1985 Issue 1	James Tower Development	30,000,000	201	90th & Columbus Ave.
MBIA Insured/1985 Series 1 and 1988 Series 1	New York Hospital Royal Charter Properties East, Inc.	115,582,688	520	71st & York Ave.
Variable Rate Demand Bonds/1985 Resolution I	Key West	49,000,000	207	96th & Columbus Ave.
Multi-Family Development Bonds/1985 Issue I	The Ellington Development	33,910,000	216	52nd & 8th Ave.
Multi-Family Mortgage Revenue Bonds/ 1985 Series A and 1987 Series A	Roosevelt Island Northtown Phase II	158,466,700	1,107	Main St./Roosevelt Island
TOTAL 80/20 PROGRAM		$528,559,388	3,136	

Moderate Rehabilitation Program
FHA-Insured Mortgage Loans 1985 First Series
FGIC Insured Multi-Family Revenue Bonds 1985 First Series

Bronx				
FGIC Insured	Allerton Coops	$6,094,365	698	2700-2870 Bronx Park East 2701-2859 Barker Ave.
Brooklyn				
FHA Insured	Ditmas Arms	2,235,000	66	585-99 E. 21st St.
FGIC Insured	Ocean Avenue	499,765	49	217 Ocean Avenue
FGIC Insured	Washington Avenue	1,186,609	102	901 Washington Avenue
FGIC Insured	Linden Blvd.	1,047,161	101	275 Linden Blvd.
Manhattan				
FGIC Insured	Kamol Apts.	995,736	48	509 W. 179th St. 416 Audubon Ave.
FGIC Insured	White Star Houses	549,147	52	557, 561 Academy St.
Queens				
FHA Insured	Cunningham Heights Phase I & II	20,370,000	1,056	Francis Lewis Blvd./ Grand Central Pkwy.
FGIC Insured	Met Houses III	5,432,051	468	48-05 to 48-55 46th St. 48-08 to 48-56 57th St.
TOTAL MODERATE REHABILITATION PROGRAM		$38,409,834	2,640	

Moderate Income Rental Housing Program
GNMA Mortgage Backed Securities
1985 Series A and 1987 Series A

Bronx				
1987 Series A	2051 Grand Concourse	$4,450,000	63	2051 Grand Concourse
Brooklyn				
1985 Series A	1010 Development	919,000	16	1010 Eastern Parkway
Manhattan				
1985 Series A	Logan Plaza	10,291,000	130	130th & Amsterdam Avenue
Queens				
1985 Series A	Self-Help Sheltered Extension	13,229,700	155	137-47 45th Ave.
Staten Island				
1985 Series A	Harbor View	9,313,500	122	Richmond Terrace & St. Peter's Place
SUB-TOTAL		$38,203,200	486	

Variable Rate Demand Bonds
1989 Series A

Manhattan	Upper Fifth Avenue	10,000,000	151	East 112th St. & 5th Avenue

Multi-Family Mortgage Revenue Bonds
1989 Series A

Queens	Queenswood	11,200,600	296	Lewis Ave. and 100th St.
SUB-TOTAL		$59,403,800	933	

HAC & CPC Financing

Bronx	St. Edmond Court	5,550,000	111	105 Mt. Hope Ave./ 1886-92 Morris Ave.
	196 Rockaway Pkwy.	2,617,000	71	196 Rockaway Pkwy.
	255 Ocean Avenue	1,808,000	40	255 Ocean Ave.
	405 E. 94th/1072 Wilmohr	945,000	24	405 E. 94th/1072 Wilmohr
	Golden Gates Apartments	4,225,000	85	1091-1103 Gates Avenue
SUB-TOTAL		$15,145,000	331	

HAC & HDC Financing

Queens				
	Astoria Apartments	3,951,500	62	110-14 Astoria Blvd.
SUB-TOTAL		$3,951,500	62	
TOTAL MODERATE INCOME RENTAL HOUSING PROGRAM		$78,500,300	1326	

Housing Development Action Grant Program
1985 First Series FHA Insured
1987 Series A FHA Insured

Bronx				
1987 Series A	1290 & 1326 Grand Concourse	3,680,000	104	1290 & 1326 Grand Concourse
1987 Series A	Robin Housing	2,977,600	101	1197 & 1250 Grand Concourse
1987 Series A	Artist's Housing	915,400	23	1220 Grand Concourse
Brooklyn				
1985 First Series	285 Development	1,800,000	58	285 Schenectady Ave. 1646 Union St.
1987 Series A	Willoughby/Wyckoff Apts.	2,755,400	68	Willoughby Avenue Wyckoff Avenue
1987 Series A	Woodruff Apartments	3,250,000	84	79 Woodruff Avenue
Manhattan				
1987 Series A	Revive 103 North	1,863,000	30	155-161 E. 103rd St.
TOTAL HOUSING DEVELOPMENT ACTION GRANT PROGRAM		$17,241,400	468	

Vacant Building Program
Insured Multi-Family Mortgage Revenue Bonds
1989 Series A

Bronx				
	Sheridan Manor	10,979,000	450	Sheridan Ave./ Marcy Place
TOTAL VACANT BUILDING PROGRAM		$10,979,000	450	

Combined Balance Sheet

October 31, 1989

(with comparative combined total as of October 31, 1988)

(in thousands)	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Combined Total 1989	Combined Total 1988
Assets:					
Cash	$ 1,654	2	4	1,660	1,954
Investments (note 4)	753,727	85,066	162,001	1,000,794	1,062,620
Total cash and investments	755,381	85,068	162,005	1,002,454	1,064,574
Receivables:					
Mortgage loans (note 5)	1,521,782	32,039	—	1,553,821	1,477,198
Accrued interest	12,228	104	—	12,332	13,079
Sale of mortgages	6,672	—	—	6,672	6,896
Other (note 6)	14,581	—	54,667	69,248	10,101
Total receivables	1,555,263	32,143	54,667	1,642,073	1,507,274
Unamortized issuance costs	16,845	—	3,952	20,797	20,796
Due from (to) other funds	329	(326)	(3)	—	—
Fixed assets	576	—	—	576	752
Other assets	250	—	—	250	722
Total assets	**$2,328,644**	**116,885**	**220,621**	**2,666,150**	**2,594,118**
Liabilities and Fund Balances:					
Bonds and notes payable (note 7)	$ 1,861,469	—	209,996	2,071,465	2,064,294
Discount on bonds payable	(3,769)	—	(205)	(3,974)	(3,549)
Accrued interest payable	56,373	—	10,799	67,172	67,825
Payable to the City of New York (note 9)	67,254	116,297	—	183,551	133,471
Payable to mortgagors	58,135	—	—	58,135	53,235
Restricted earnings on investments	280	—	—	280	4,091
Accounts and other payables	2,263	—	31	2,294	13,292
Deferred fee and mortgage income	24,759	—	—	24,759	26,146
Due to the United States (note 11)	3,740	588	—	4,328	5,156
Total liabilities	2,070,504	116,885	220,621	2,408,010	2,363,961
Fund balances:					
Restricted	158,074	—	—	158,074	130,354
Unrestricted	100,066	—	—	100,066	99,803
Total fund balances	258,140	—	—	258,140	230,157
Commitments and Contingencies (notes 9, 12 & 13)					
Total liabilities and fund balances	**$2,328,644**	**116,885**	**220,621**	**2,666,150**	**2,594,118**

See accompanying notes to the combined financial statements.

Combined Statement of Changes in Fund Balances

October 31, 1989

(with comparative total as of October 31, 1988)

(in thousands)	HOUSING DEVELOPMENT CORPORATION PROGRAMS	HOUSING ASSISTANCE CORPORATION PROGRAMS	HOUSING NEW YORK CORPORATION PROGRAMS	COMBINED TOTAL 1989	COMBINED TOTAL 1988
Restricted:					
Balance at beginning of year	$ 130,212	—	142	130,354	132,322
Excess of revenues over expenses	18,218	—	(142)	18,076	113
Net transfers from (to) unrestricted fund balances	9,644	—	—	9,644	(2,081)
Balance at end of year	158,074	—	—	158,074	130,354
Unrestricted:					
Balance at beginning of year	99,803	—	—	99,803	94,085
Excess of revenues over expenses	9,907	—	—	9,907	3,637
Net transfers from (to) restricted fund balances	(9,644)	—	—	(9,644)	2,081
Balance at end of year	100,066	—	—	100,066	99,803
Total fund balances at end of year	**$258,140**	—	—	**258,140**	**230,157**

See accompanying notes to the combined financial statements.

Combined Statement of Cash Flows

October 31, 1989

(with comparative combined total as of October 31, 1988)

(in thousands)	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Combined Total 1989	Combined Total 1988
Cash flows from operating activities:					
Excess of revenues over expenses:	$ 28,125	—	(142)	27,983	3,750
Net adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities: (note 2)	(5,316)	(121)	224	(5,213)	609
Changes in assets and liabilities:					
Net change in accrued bond and note interest payable	(1,833)	—	1,180	(653)	9,832
Net change in investment interest receivable	580	(339)	(46)	195	3,622
Net change in accrued earnings payable to mortgagors	2,470	—	—	2,470	2,009
Net change in accrued earnings payable to the City of New York	6,171	6,410	—	12,581	11,060
Net change in other assets	462	—	—	462	44
Net change in accounts and other payables	(11,016)	—	18	(10,998)	11,189
Net change in accrued mortgage and loan interest receivable	(2,833)	(61)	—	(2,894)	(3,998)
Net change in deferred fee and mortgage income	(1,141)	—	—	(1,141)	(2,663)
Net change in receivable from Battery Park City	—	—	(1,948)	(1,948)	—
Net change in servicing fee receivable	(210)	—	—	(210)	—
Net transfers between programs	(98)	100	(2)	—	—
Net change in due to the United States	237	588	—	825	—
Total changes in assets and liabilities:	$ (7,211)	6,698	(798)	(1,311)	31,095
Restricted earnings on investments	568	—	—	568	1,274
Receipt of mortgagor and other escrows	56,782	30,000	—	86,782	74,150
Deferred commitment and financing fees	2,757	(15)	—	2,742	2,512
Disbursements of escrows to mortgagors	(37,857)	—	—	(37,857)	(35,449)
Disbursements to the City of New York	(9,076)	(2,173)	(47,488)	(58,737)	(18,756)
Issuance costs	(3,174)	—	—	(3,174)	(915)
Other (net)	—	—	—	—	2
Total adjustments to reconcile excess of revenues over expenses:	(2,527)	34,389	(48,062)	(16,200)	54,522
Net cash provided by (used in) operating activities	**$25,598**	**34,389**	**(48,204)**	**11,783**	**58,272**

See accompanying notes to the combined financial statements.

Combined Statement of Cash Flows

October 31, 1989

(with comparative combined total as of October 31, 1988)

(in thousands)	HOUSING DEVELOPMENT CORPORATION PROGRAMS	HOUSING ASSISTANCE CORPORATION PROGRAMS	HOUSING NEW YORK CORPORATION PROGRAMS	COMBINED TOTAL 1989	COMBINED TOTAL 1988
Cash flows from investing activities:					
Sale of investments, at cost	$6,106,740	1,653,089	68,878	7,828,707	8,577,801
Sale of mortgage loans	89,887	—	—	89,887	—
Loan principal payments received	13,773	—	—	13,773	7,829
Purchase of investments	(6,071,637)	(1,668,981)	(20,674)	(7,761,292)	(8,350,231)
Mortgage and loan advances	(171,032)	(18,513)	—	(189,545)	(147,995)
Purchase of fixed assets	(384)	—	—	(384)	(245)
Net cash provided by (used in) investing activities	**$ (32,653)**	**(34,405)**	**48,204**	**(18,854)**	**87,159**
Cash flows from financing activities:					
Proceeds from sale of bonds and notes	385,111	—	—	385,111	11,430
Retirement of bonds and notes	(378,334)	—	—	(378,334)	(155,295)
Net cash provided by (used in) financing activities	**$ 6,777**	**—**	**—**	**6,777**	**(143,865)**
Increase (decrease) in cash	(278)	(16)	—	(294)	1,566
Cash at beginning of year	1,932	18	4	1,954	388
Cash at end of year	**$ 1,654**	**2**	**4**	**1,660**	**1,954**

See accompanying notes to the combined financial statements.

Notes to the Combined Financial Statements

October 31, 1989

1 ORGANIZATION

The New York City Housing Development Corporation (the "Corporation") is a corporate governmental agency constituting a public benefit corporation of the State of New York (the "State"). 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 and to provide 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, among other things, finance new construction and housing rehabilitation, to provide construction financing for multifamily projects to be permanently financed by others, and to provide permanent financing for multifamily 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 most of its activities through the issuance of bonds and notes.

Pursuant to section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards, the financial activities of the Housing Assistance Corporation ("HAC") and the Housing New York Corporation ("HNYC") have been included in the Corporation's combined financial statements (see notes 3 B and C). Additionally, pursuant to the same section, the Corporation's combined financial statements are included in the City of New York's (the "City") financial statements as a component unit for financial reporting purposes. The Corporation is included within the City's Housing and Economic Development Enterprise Funds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation follows the principles of fund accounting in that each program's assets, liabilities and fund balances are accounted for as separate entities. The Corporate Services Fund accounts for the financial and administrative transactions of the Corporation's programs and activities. Each program and the Corporate Services Fund utilize the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. Other significant accounting policies are:

A Investments

Investments, which consist principally of securities of the United States and its agencies, certificates of deposit and open time deposits, are carried at amortized cost, which approximates market, plus accrued interest. (see note 4) Investment earnings on monies held for the City, and reserves for replacement are not included in the Corporation's revenues, rather they are reported in the balance sheet as payable to the City or payable to mortgagors.

B Earnings On Investments

Earnings on investments include interest income, gains and losses on investment sales, and amortization of investment discount and premium.

C 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 yield method. For debt issued prior to 1983, the issuance costs and discount were recognized as expenses when the related bonds or notes were issued. These costs were matched by fees and charges that were taken into revenue at that time.

D 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.

E Restricted Earnings on Investments

Restricted earnings on investments represent the cumulative amount by which pass-through program revenues exceeded expenses. Such amounts are recorded as restricted liabilities since they 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. This occurs in the following programs: 1984 & 1988 Series A (Carnegie Park) Variable Rate Demand Bonds, 1985 Series A (Columbus Gardens Project) Multi-Family Development Bonds, 1985 Series 1 (Royal Charter Properties-East, Inc. Project) MBIA Insured Residential Revenue Bonds, 1985 Issue A (First Nationwide Savings-Columbus Apartments Project) Multifamily Mortgage Revenue Bonds, 1985 Issue 1 (James Tower Development) Multi-Family Development Bonds, 1985 Series A (FHA Insured Mortgage Loan) Multi-Family Mortgage Revenue Bonds, 1985 Issue 1 (Roslingate Development) Multi-Family Development Bonds, 1985 Series A (Columbus Green) Variable Rate Demand Bonds, 1985 Resolution 1 (Parkgate Tower) Variable Rate Demand Bonds, 1987 Series A (FHA Insured Mortgage Loan) Multi-Family Mortgage Revenue Bonds, 1988 Series 1 (Royal Charter Properties-East, Inc. Project) MBIA Insured Residential Revenue Refunding Bonds, 1989 Series A (Upper Fifth Avenue Project) Variable Rate Demand Bonds, and 1989 Series A (Queenswood Apartments) Multi-Family Mortgage Revenue Bonds.

F Amortization of Leasehold Improvements

Leasehold improvements, included as other assets of the Corporate Services Fund, are amortized over the life of the operating lease, using the straight-line method.

G Fees and Charges

Commitment and financing fees are recognized on the accrual basis over the life of the related mortgage. Programs commencing prior to 1983 recognized these fees as collected through the final endorsement date of the respective mortgages which offset issuance costs expensed at that time.

H Statement of Cash Flows—Supplemental Disclosure

The Corporation has prepared the Statement of Cash Flows in accordance with the indirect method as permitted by Statement of Financial Accounting Standards No. 95. For purposes of the cash flow statement, the Corporation excludes all investments from cash equivalents. Bond interest paid during fiscal year 1989 for the Corporation's programs and HNYC was $141,365,000 and $17,037,000, respectively. The following schedule details the net adjustments to reconcile the excess of revenues over expenses after operating transfers to net cash provided by operating activities for the year ended October 31, 1989:

(in thousands)	TOTAL HDC	TOTAL HAC	TOTAL HNYC	COMBINED TOTAL 1989	COMBINED TOTAL 1988
Amortization of:					
Debt Issuance Costs	$ 996	—	216	1,212	5,661
Original Bond Issue Discount	38	—	8	46	71
Investment Discount and Premium	(6,644)	(121)	—	(6,765)	(5,251)
Mortgage Discount	(184)	—	—	(184)	(174)
Depreciation and Amortization	560	—	—	560	302
Gain on Early Extinguishment of Debt	(82)	—	—	(82)	—
Total Adjustments	**$(5,316)**	**(121)**	**224**	**(5,213)**	**609**

I Combined Financial Presentation
For purposes of financial statement presentation, the accounts of certain programs have been combined as follows:

i HOUSING DEVELOPMENT CORPORATION

a Multi-Family Bond Programs:

1. *General Housing*
General Housing Bond Program
1982 Multi-Family Housing Bond Program

2. *Section 223(f)*
Multifamily Housing Bond Program
Multi-Unit Housing Bond Program

3. *Section 8*
1979 Series A Multi-Family Mortgage Revenue Bond Program
1982 Series A Multi-Family Mortgage Revenue Program
1983 Series A Multi-Family Mortgage Revenue Bond Program
1983 Series B Multi-Family Mortgage Revenue Bond Program
1983 Series C Multi-Family Mortgage Revenue Bond Program

4. *80/20*
1984 Series A (Carnegie Park) Variable Rate Demand Bond Program
1985 Series A (Columbus Gardens Project) Multi-Family Development Bond Program
1985 First Series (FHA Insured Mortgage Loans) Multi-Family Housing Bond Program
1985 Issue A (First Nationwide Savings-Columbus Apartments Project) Multifamily Mortgage Revenue Bond Program
1985 Issue 1 (James Tower Development) Multi-Family Development Bond Program
1985 Series A (GNMA Mortgage-Backed Securities) Multi-Family Mortgage Revenue Bond Program
1985 First Series Insured Multi-Family Revenue Bond Program
1985 Series A (Columbus Green Project) Variable Rate Demand Bond Program
1985 Resolution 1 (Parkgate Tower) Variable Rate Demand Bond Program
1985 Issue 1 (Roslingate Development) Multi-Family Development Bond Program
1985 Resolution A Housing Development Bond Program
1985 Series A (FHA Insured Mortgage Loan) Multi-Family Mortgage Revenue Bond Program
1987 Series A (FHA Insured Mortgage Loan) Multi-Family Mortgage Revenue Bond Program
1987 Series A (GNMA Mortgage-Backed Securities) Multi-Family Mortgage Revenue Bond Program
1987 Series A (FHA Insured Mortgage Loans) Multi-Family Housing Bond Program
1988 Series A (Carnegie Park) Variable Rate Demand Bond Program
1988 Resolution A Housing Development Refunding Bond Program
1989 Series A (Upper Fifth Avenue Project) Variable Rate Demand Bond Program
1989 Series A (Queenswood Apartments) Multi-Family Mortgage Revenue Bond Program
1989 Series A (Sheridan Manor Apartments) Insured Multi-Family Mortgage Revenue Bond Program

5. *Hospital Residence*
1985 Series 1 (Royal Charter Properties-East, Inc. Project) MBIA Insured Residential Revenue Bond Program
1988 Series 1 (Royal Charter Properties-East, Inc. Project) MBIA Insured Residential Revenue Refunding Bond Program

b Corporate Services Fund

ii HOUSING ASSISTANCE CORPORATION

iii HOUSING NEW YORK CORPORATION

a Revenue Bond Program:
1987 Series A Revenue Bond Program

J Combined Total
The combined total data is the aggregate of the Corporation and its subsidiaries. No consolidations or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

K Reclassifications
Certain reclassifications have been made to the prior year's balances to conform to the current year's classification.

3 DESCRIPTION OF PROGRAMS AND CORPORATE SERVICES FUND

A HOUSING DEVELOPMENT CORPORATION
The Corporation operates two separate major programs, of which one is governed by its respective bond resolution. A description of the programs follows:

i Multi-Family Bond Programs:
a General Housing
The General Housing Bond Program was established when the Corporation was created and accounts for the construction and permanent financing of six multifamily projects.

The 1982 Multi-Family Housing Bond Program was established in fiscal year 1983 in connection with the refinancing of the Multi-Family Variable Rate Bonds which financed two projects. Upon refinancing, the mortgages were transferred to this program from the Multi-Family Variable Rate Program, which then ceased to exist.

A capital reserve fund for these programs was established as additional security for the bondholders. The capital reserve fund is required to maintain cash and investments of $19,337,900 and $4,780,000. Should the fund fall below the required amount, the City has a moral obligation to restore the fund to the minimum requirement. These monies would constitute interest free loans and would then be repaid to the City from future collections. To date, revenues have been sufficient to cover expenses. At this time, the Corporation does not anticipate that the reserves will be utilized to cover program expenses.

b Section 223(f)

The Multifamily and Multi-Unit Housing Bond Programs were established in 1977 and 1980 respectively, in connection with the refinancing of 81 existing multifamily housing projects which were Mitchell-Lama mortgage loans payable to the City.

c Section 8

The bonds under these programs were issued to provide funds for the construction and permanent financing of 35 multifamily housing projects. These projects are occupied by tenants who qualify for Section 8 housing assistance payments made pursuant to the United States Housing Act of 1937, as amended.

d 80/20

The bonds under these programs were issued to provide the funds for the construction and permanent financing for multifamily housing projects. A portion of the projects in this program provide or will provide a mixture of market rate apartments (80 percent) and apartments for low and moderate income tenants (20 percent) as required by the Internal Revenue Code and as authorized by Section 654(23-c) of the New York State Private Housing Finance Law. In certain projects, all of the apartments are set aside for low and moderate middle income tenants.

e Hospital Residence

The bonds under this program were issued to provide funds for the construction and permanent financing of a multi-purpose residential facility for the benefit and utilization of The Society of the New York Hospital.

All Multi-Family Bonds are secured through one or more of the following mechanisms: pledged receipts of the scheduled mortgage payments and investments, letters of credit from national banking associations, Federal Housing Administration ("FHA") mortgage insurance, bond insurance, GNMA mortgage-backed securities, or a mortgage purchase agreement, as specified in the respective bond resolutions.

ii Corporate Services Fund:

This fund accounts for (i) fees and earnings transferred from the programs described above; (ii) Section 8 administrative fees (see note 11A); (iii) income from Corporate Services Fund investments; (iv) the payment of the Corporation's operating expenses; and (v) the Dedicated Account (see note 5A).

B HOUSING ASSISTANCE CORPORATION

The Housing Assistance Corporation is a public benefit corporation of the State established pursuant to Section 654-b of the New York State Private Housing Finance Law as a subsidiary of the Corporation. HAC is to continue in existence for at least as long as its obligations remain outstanding. Upon termination of the subsidiary, all of its rights and properties shall pass and be vested in the City.

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 New York State Private Housing Finance Law as a subsidiary of the Corporation. HNYC shall remain in existence until terminated by law; provided, however, that no obligations of HNYC remain outstanding, unless adequate provision has been made for the payment of the outstanding obligations. Upon termination of the existence of HNYC, all of its rights and properties shall pass to and be vested in the City.

HNYC is authorized to issue bonds and notes in an aggregate principal amount not exceeding $400 million plus an additional principal amount for the purposes of (1) funding any related debt service reserve, (2) providing capitalized interest and (3) providing certain fees, charges and expenses. The bonds and notes are neither debts of the State, the Battery Park City Authority ("BPCA"), the City nor the Corporation.

The proceeds of the obligations of HNYC are to be used to finance 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 may grant monies to the City, and any agency or instrumentality of the City or to the Corporation to finance the aforementioned residential housing facilities (see note 6A). 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 BPCA resulting from rental and other payments under leases with private owners. HNYC is also authorized and empowered to receive monies from the Corporation, the BPCA, any other public benefit corporation, the federal government or any other source.

i Revenue Bond Program:

The proceeds of the Bonds are to be used to finance the initial phase of the Housing New York Program. The Corporation anticipates that the City will use all of these monies to substantially rehabilitate and/or construct approximately 1620 units of residential housing and related facilities in the boroughs of Manhattan and the Bronx. The City currently owns the buildings which are being or are to be rehabilitated.

4 INVESTMENTS

The Corporation is authorized to engage in investment activity pursuant to Article XII of the Housing Finance Law, and its respective bond resolutions. The Corporation principally invests in securities of the United States and its agencies, certificates of deposit, open time deposits and repurchase agreements. All funds invested in repurchase agreements are held pursuant to written agreements. Margin requirements range from 101% to 106%. All securities 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 on a delivery versus receipt basis.

Investments held in the Corporation's name by the Corporation, its agents and bond trustees at October 31, 1989:

SECURITY	TOTAL COST 10/31/89	CURRENT MARKET VALUE PLUS ACCRUED INTEREST 10/31/89	EXCESS OF MARKET VALUE OVER COST 10/31/89
(in thousands)			
U.S. Treasury Bonds	$ 134,536	$ 146,944	$12,408
U.S. Treasury Bills	51,459	51,422	(37)
U.S. Treasury Notes	136,469	136,768	299
U.S. Treasury Strips	48,890	47,115	(1,775)
Fixed Repurchase Agreements	100,880	100,880	—
G.N.M.A.	37,984	38,255	271
Open Time Deposits	263,773	263,773	—
Term Repurchase Agreements	190,699	190,699	—
Certificates of Deposit	29,402	29,402	—
Merchant Marine Bonds	3,198	3,517	319
Money Market & NOW Accounts	3,504	3,504	—
Totals	**$1,000,794**	**$1,012,279**	**$11,485**

5 MORTGAGE AND OTHER LOANS

A general description of the mortgages and other loans in each of the programs follows:

A HOUSING DEVELOPMENT CORPORATION

i Multi-Family Bond Programs:

a General Housing

The mortgages are first liens on the respective properties. Five of the eight projects receive interest subsidies under Section 236 of the National Housing Act of 1934, as amended, from the U.S. Department of Housing and Urban Development ("HUD"). To the extent that the projects do not generate sufficient funds to meet the annual debt service requirements, payments may be made first from the general reserve fund to the extent available, and then from the capital reserve fund.

b Section 223(f)

The mortgages were assigned to the Corporation by the City and subsequently modified, divided and recast into (a) FHA-insured first mortgages, to be serviced by the Corporation; and (b) subordinate non-insured second mortgages which were reassigned to the City. The mortgages are first liens on the respective properties. Thirty-two of the seventy-nine projects receive interest subsidies under Section 236 from HUD.

With respect to the 223 (f) Program (a) excess of mortgagors' payments over bond debt service payments and servicing fees to the Corporation and (b) the earnings on certain restricted funds, which are excluded from the revenue statement, are payable to the City. With respect to the Multi-Unit Program, the earnings on certain restricted funds, also excluded from revenues, are payable to the City.

c Section 8

The mortgage loans made to the projects financed under the four Section 8 bond programs are FHA-insured, and include various construction costs, bond issue costs, and capitalized accrued interest. The projects receive housing assistance payments on behalf of the tenants pursuant to Section 8.

d 80/20

The mortgage loan advances made to the projects include various construction costs, bond issue costs, and capitalized accrued interest.

The mortgage loans under four programs are FHA Insured and are held and serviced by HDC. The loans under three programs are FHA Co-Insured mortgage loans and are held by GNMA and serviced by its agent. The mortgage loans under one program are insured under the State of New York Mortgage Agency ("SONYMA") insurance program. The loans under ten of the programs are held or serviced by the financial institution providing the credit enhancement for the respective bond program.

Certain projects will receive subsidies on behalf of the eligible tenants through either Section 8 housing assistance payments or HAC funds.

e Hospital Residence

The mortgage loan advances made to the project include various construction costs, bond issue costs, and capitalized accrued interest. The mortgagor provided the bond trustee a non-cancellable policy of insurance from the Municipal Bond Investors Assurance Corporation which guarantees the payment of bond debt service.

ii Other Loans:

a Development Services Program:

During 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 through the establishment of four subprograms. The source of funding for 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. The subprograms are distinguished by HDC's role with respect to the expenditure of the funds on deposit in the Dedicated Account. The subprograms are as follows:

1. Project Management Program ("Program")

Under the Program, the City has requested that the Corporation serve as project manager in connection with housing projects designated by the City's Department of Housing, Preservation and Development ("HPD"). The Corporation shall undertake activities and/or supervise the actual pre-development stages of a project. The Corporation may provide bridge loans to selected sponsors under the Program. The Corporation expects to be reimbursed for any funds expended in providing its services as project manager directly attributable to the project.

As of October 31, 1989, two bridge loans had been made to developers in amounts not to exceed $3,235,000 and $2,925,000. The bridge loans bear interest at 1% per annum and are due and payable upon construction loan closing. The Corporation had also entered into two consultant contracts in the approximate aggregate amount of $165,000. A description of the projects receiving bridge loans is as follows:

i Tibbett Gardens
Tibbett Gardens is a 745 unit affordable condominium project located in the Bronx to be developed by a not-for-profit housing corporation. A $3,235,000 bridge loan commitment has been made to fund various pre-construction activities. As of October 31, 1989, approximately $2,903,000 had been advanced.

ii Astoria
Astoria is an 800 unit residential condominium together with a parking garage and community center, to be developed in Astoria, Queens. A $2,925,000 bridge loan commitment has been made to fund various pre-construction activities. As of October 31, 1989, approximately $627,000 had been advanced.

2. Seed Money Loan Program
The Corporation and the City, acting through HPD, agreed to provide interim assistance in the form of unsecured, interest-free loans for certain pre-construction expenses of not-for-profit sponsors developing permanent and transitional homeless and low income housing projects. The Corporation has agreed to provide up to $9,000,000 to fund these loans. The maximum term of an individual interest free loan has been set at twenty-four months. As of October 31, 1989, twenty seed money loan commitments have been made in the aggregate face amount of $7,694,000, of which approximately $5,996,000 had been advanced and $651,000 had been repaid.

As part of this program, the Corporation agreed to provide seed money loans to limited-profit project sponsors designated by the City. The monies are to be advanced to the developer to cover approved pre-construction costs. The Corporation has agreed to advance up to $2,884,400 for the Bridge Point project, located on the lower east side of Manhattan and consisting of 800 residential rental units and 400 residential condominium units. As of October 31, 1989, no funds had been advanced.

3. Construction Loan Program
Under this program, the Corporation provides a source of nominal interest financing to reduce total development costs for affordable housing in the City. As of October 31, 1989, one project, Tiffany-Beck, is receiving assistance under this program. The Corporation, in participation with several other lenders, made a mortgage loan to construct an 18 unit cooperative development in the Bronx. The Corporation's share of this loan is $435,000. As of October 31, 1989, none of the Corporation's share had been advanced.

4. Working Capital Loan Program
During 1989, the Corporation agreed to provide start-up capital in the form of interest-free loans to not-for-profit sponsors of projects participating in the City's Construction Management Program. Each Working Capital Loan will enable the project sponsor to cover certain costs and expenses which will be incurred in connection with the rent-up and initial operation of the project until the entire project is conveyed to the sponsor, at which time it is expected that initial income will be sufficient to meet expenses and commence repayment of the HDC loan. As of October 31, 1989, the Corporation has made one loan commitment in the amount of $1,023,890 of which $351,000 had been advanced.

B HOUSING ASSISTANCE CORPORATION

i Construction Loans
The mortgage loan advances made to the projects include various construction costs and capitalized accrued interest. Certain mortgages are second liens on the vacant buildings which are currently being rehabilitated. During construction these loan advances bear interest at a rate of 1%. The Corporation has agreed to provide partial permanent financing for these projects upon completion of construction. Subordinate loans to fund certain expenses of constructing two new projects bear no interest for approximately twenty-five years from completion of construction and then bear interest at a rate of 1%.

ii Subsidy
Certain projects receive tenant assistance payments on behalf of the eligible tenants.

iii GNMA Mortgage Backed Securities
Certain monies are used to acquire construction loan certificates pursuant to financing agreements between HDC, HAC, GNMA and the applicable developer.

6 OTHER RECEIVABLES

A HOUSING NEW YORK CORPORATION
Included in this classification is $54,667,000, which represents $52,719,000 in funds advanced to the City through October 31, 1989 in accordance with the 1987 Series A Revenue Bond Resolution. The City will use 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. The advances represent grants to the City (see note 3C for methodology of repayment to the Corporation).

The remaining balance of $1,948,000 represents funds used to cover debt service. HNYC may utilize bond proceeds not exceeding $41,136,000 to cover bond debt service along with investment earnings on the program's investments until November 1, 1990. After this date, HNYC will requisition assigned excess revenues on each debt service date in amounts necessary to cover bond principal and interest as well as funds covering HNYC trustee fees.

7 BONDS PAYABLE

A 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 $2.8 billion, exclusive of refunding bonds or notes, and (ii) the maximum capital reserve fund requirement may not currently exceed $30 million.

i Multi-Family Bond Programs:

a General Housing

The bonds of the General Housing and 1982 Multi-Family Housing Bond Programs are general obligations of the Corporation. Substantially all of the programs' assets are pledged as collateral for the bonds.

b Section 223(f)

The bonds of the Multifamily 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 bonds of the Multi-Unit Housing Bond Program are 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.

c Section 8

The bonds of the 1979 Series A Bond Program are limited obligations of the Corporation. Substantially all of the program's assets are pledged as collateral for the bonds.

The bonds of the 1983 Series A and B programs are special revenue obligations of the Corporation secured solely by a pledge of the FHA-insured mortgage loans and the programs' assets, as well as the revenues derived from these loans and assets.

The bonds of the 1983 Series C Bond Program were privately placed at an interest rate of 1% with the City, and are not expected to be sold to the public.

d Other Programs

The bonds under the two remaining headings, 80/20 and Hospital Residence, are also special revenue obligations of the Corporation secured by a pledge of the mortgage loans, the programs' assets, the revenues derived from these loans and assets, a letter of credit, FHA mortgage insurance, bond insurance, GNMA mortgage-backed securities, and/or a mortgage purchase agreement, as the case may be.

The 1987 Series A (FHA Insured Mortgage Loan) Multi-Family Mortgage Revenue Bonds are the first and only bonds to be issued by the Corporation whose interest is not excludable from gross income for Federal Income Tax purposes.

1 Advance Refunding:

On November 22, 1988, the Corporation issued MBIA Insured Residential Revenue Refunding Bonds (Royal Charter Properties—East, Inc. Project), 1988 Series 1 in the amount of $115,583,000 with variable interest rates ranging from 5.6% to 7.5%, to advance refund the MBIA Insured Residential Revenue Bonds (Royal Charter Properties—East Inc. Project), 1985 Series 1 of $96,022,000 with variable interest rates ranging from 6.6% to 10.25%. The Corporation deposited $116,193,000 in cash and investments in an irrevocable trust with an escrow agent to provide debt service payments which shall be sufficient to pay the principal or redemption price and interest due on the 1985 Series 1 Bonds on or prior to the redemption or maturity date. The advance refunding met the requirements of an in substance defeasance and accordingly on October 31, 1989, none of the 1985 Series 1 Bonds are an outstanding obligation of the Corporation. There was no gain or loss to the Corporation from this transaction. The refunding directly benefitted the Society of the New York Hospital by providing additional mortgage funds and reducing future mortgage interest expense.

In addition, on December 30, 1988, the Corporation advanced refunded all the outstanding Housing Development Bonds 1985 Resolution A in the aggregate principal amount of $236 million with the issuance of the Housing Development Bonds, 1988 Resolution A variable rate bonds in the amount of $236 million. There was no gain or loss to the Corporation from this transaction.

All of the bonds 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 any bonds or notes.

C HOUSING NEW YORK CORPORATION

HNYC is authorized to issue bonds in an aggregate principal amount not to exceed $400 million plus an additional principal amount for certain purposes (see note 3C). The bonds and notes are neither debts of the State, BPCA, the City nor the Corporation.

i Revenue Bond Program:

The 1987 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 BPCA bond and note covenants (2) fulfill all BPCA legal and financial commitments and (3) pay BPCA operating and maintenance expenses. The 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. The Bonds are not secured by any mortgage, leases or other interests in any of the residential housing facilities to be built with the proceeds of the Bonds.

The timely payment of the scheduled principal of and interest on the 1987 Bonds maturing on a November 1, 1997, 1998 and 2006 is guaranteed by a municipal bond insurance policy issued by the Municipal Bond Investors Assurance Company.

At the present time, the Corporation cannot estimate the principal amount of bonds that will be issued during Fiscal Year 1990.

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

YEAR ENDING OCTOBER 31 (in thousands)	HOUSING DEVELOPMENT CORPORATION	HOUSING NEW YORK CORPORATION
1990	$30,978	—
1991	20,050	—
1992	22,639	4,035
1993	24,597	4,310
1994	26,632	4,610

BONDS PAYABLE COMPRISE THE FOLLOWING FOR THE YEAR ENDED OCTOBER 31, 1989:

(in thousands)

DESCRIPTION	BALANCE AT OCT 31, 1988	ISSUED	RETIRED	BALANCE AT OCT 31, 1989	ANNUAL DEBT SERVICE
Housing Development Corporation					
MULTI-FAMILY BOND PROGRAMS:					
General Housing:					
General Housing Bond Program—3.75% to 9% Bonds maturing in varying installments through 2023.	$262,590	—	2,460	260,130	17,919
1982 Multifamily Bond Program—6% to 11.125% Serial and Term Bonds maturing in varying installments through 2012.	33,085	—	545	32,540	3,809
Total General Housing	295,675	—	3,005	292,670	21,728
Section 223(f):					
Multifamily Housing Bond Program—6.5% to 7.25% Bonds maturing in varying installments through 2019.	357,267	—	5,395	351,872	27,936
Multi-Unit Housing Bond Program—5% to 9.125% Serial and Term Bonds maturing in varying installments through 2021.	105,025	—	710	104,315	10,172
Total Section 223(f)	462,292	—	6,105	456,187	38,108
Section 8:					
1979 Series A Bond Program—6% to 7.5% Serial and Term Bonds maturing in varying installments through 2021.	47,150	—	550	46,600	3,981
1983 Series A Bond Program—5.75% to 8.875% Serial, Term and Capital Appreciation Bonds maturing in varying installments through 2025.	127,880	—	1,755	126,125	12,140
1983 Series B Bond Program—6% to 9.5% Serial, Term and Capital Appreciation Bonds maturing in varying installments through 2026.	76,020	—	1,355	74,665	7,651
1983 Series C Bond Program—1% Term Bonds maturing in increasing installments through 2015.	2,295	—	75	2,220	97
Total Section 8	253,345	—	3,735	249,610	23,869
80/20:					
1984 Series A Variable Rate Bond Program—Variable Rate Bonds due upon demand through 2016.	67,800	—	300	67,500	4,542
1985 Series A Development Bond Program—5.4% to 9.125% Serial, Term and Capital Appreciation Bonds maturing in varying installments through 2007.	28,508	—	1,510	26,998	3,121
1985 Series A Bond Program—5% to 10% Serial, Term and Capital Appreciation Bonds maturing in varying installments through 2030.	160,638	—	810	159,828	15,872
1985 First Series Bond Program—6.75% to 9.875% Serial and Term Bonds maturing in varying installments through 2017.	17,185	—	195	16,990	1,846
1985 Issue A Bond Program—6.75% to 8.5% Serial and Term Bonds maturing in varying installments through 2015.	24,600	—	140	24,460	2,217

	BALANCE AT OCT 31, 1988	ISSUED	RETIRED	BALANCE AT OCT 31, 1989	ANNUAL DEBT SERVICE
					(in thousands)
1985 Issue 1 Development Bond Program—4.75% to 8.625% Serial, Term and Capital Appreciation Bonds maturing in varying installments through 2005.	28,733	—	590	28,143	2,670
1985 Series A GMNA Mortgage-Backed Securities Bond Program—5.9% to 8.75% Serial and Term Bonds maturing in varying installments through 2016.	40,000	—	5,825	34,175	3,276
1985 Series A Variable Rate Bond Program—Variable Rate Bonds due upon demand through 2009.	14,500	—	100	14,400	1,012
1985 Issue 1 Development Bond Program—9.12% Term Bonds maturing in varying installments through 2007.	33,910	—	—	33,910	3,136
1985 First Series Insured Bond Program—5% to 8.5% Term and Serial Bonds maturing in varying installments until 2007.	17,345	—	460	16,885	1,825
1985 Resolution 1 Variable Rate Bond Program—Variable Rate Bonds due upon demand through 2007.	49,000	—	—	49,000	3,038
1985 Resolution A Development Bond Program—8% Term Bonds until 1/7/86, variable rate thereafter, maturing in varying installments through 2019.	236,000	—	236,000	—	—
1987 Series A GMNA Mortgage-Backed Securities Bond Program—8.125% Term Bonds maturing in varying installments through 2019.	4,450	—	—	4,450	396
1987 Series A Mortgage Revenue Bond Program—10.625% Term Bonds maturing in varying installments through 2030.	12,865	—	—	12,865	1,367
1987 Series A Housing Bond Program—8.625% & 9.625% Term Bonds maturing in varying installments through 2019.	9,430	—	—	9,430	958
1988 Series A Variable Rate Demand Bond Program—Variable Rate Bonds due upon demand through 2016.	2,000	—	—	2,000	137
1988 Resolution A Refunding Bond Program—Variable Rate Bonds due upon demand through 2023.		236,000	22,400	213,600	23,590
1989 Series A Variable Rate Demand Bond Program—Variable Rate Bonds due upon demand through 2016.		10,000	—	10,000	599
1989 Series A Multifamily Revenue Bond Program—Variable Rate Bonds due upon demand through 2017.		12,400	—	12,400	735
1989 Series A Multifamily Revenue Bond Program—7.20% & 7.45% Term Bonds maturing in varying installments through 2008.		11,605	—	11,605	856
Total 80/20	746,964	270,005	268,330	748,639	71,193

	BALANCE AT OCT 31, 1988	ISSUED	RETIRED	BALANCE AT OCT 31, 1989	ANNUAL DEBT SERVICE
Hospital Residence:					(in thousands)
1985 Series 1 MBIA Insured Bond Program—6.6% to 10.25% Serial, Term and Capital Appreciation Bonds and Gains Securities maturing in varying installments through 2017.	96,022	—	96,022	—	—
1988 Series 1 MBIA Insured Bond Program—5.6% to 7.5% Serial, Term and Capital Appreciation Bonds maturing in varying installments through 2017.		115,583	1,220	114,363	9,237
Total Hospital Residence	96,022	115,583	97,242	114,363	9,237
Total Bonds Payable Housing Development Corp.	**$1,854,298**	**$385,588**	**$378,417**	**$1,861,469**	**$164,135**
Housing New York Corporation					
Revenue Bond Program:					
1987 Series A Bonds—6.80% to 9.50% Serial, Term and Capital Appreciation Bonds maturing in varying installments through 2017.	209,996	—	—	209,996	17,037
Total Bonds Payable Housing New York Corp.	**$209,996**	—	—	**$209,996**	**$17,037**
Total Debt Payable	**$2,064,294**	**$385,588**	**$378,417**	**$2,071,465**	**$181,172**

8 CONSULTANT'S FEES

The fees paid by the Corporation for legal and consulting services in fiscal 1989 include: $247,385 to Skadden, Arps, Slate, Meagher & Flom, $102,817 to Brownstein, Zeidman and Schomer and $74,808 to Hawkins, Delafield & Wood for legal services: $26,000 to AKRF, Inc. and $15,000 to Caine Gressel Midgley Slater, Inc. for other consulting services.

In addition, the following legal fees were paid: $330,451 to Hawkins, Delafield & Wood, and $53,263 to Paul, Weiss, Rifkind, Wharton & Garrison. Consulting fees paid: $78,000 to Alee King Rosen Fleming, Inc. and $10,500 to Ernst & Whinney. These expenses were related to bond issuances, mortgage closings and/or the 1982 Series A Bond redemption. The Corporation has in general been or is expected to be reimbursed for these expenses from project developers.

9 PAYABLE TO THE CITY OF NEW YORK

A HOUSING DEVELOPMENT CORPORATION

Mortgages in the Section 223(f) Housing Programs were assigned to the Corporation by the City in order to generate monies for the City. The Corporation remits to the City any excess of mortgage interest income and investment earnings over related debt expense, trustee fees and servicing fees. These expenses are considered non-operating and amounted to approximately $3,321,000 for fiscal 1989.

Also included in this reporting classification are participation loan funds received from the City which are to be advanced to mortgagors, mortgage earnings and investment earnings. These funds are principally held in the 1985 First Series Insured Multi-Family Mortgage Revenue Bond program and the 1987 Series A (FHA Insured Mortgage Loans) Multi-Family Housing Bond program. As of October 31, 1989, all funds had been advanced under the 1985 bond program and the funds yet to be advanced under the 1987 bond program amounted to $691,000. The total funds payable to the City over the life of the 1985 and 1987 bond programs was $8,207,000 and $8,259,000 respectively.

B HOUSING ASSISTANCE CORPORATION

The funds received from the City for HAC as well as earnings on the funds (see note 3B) are also included in this reporting classification on the balance sheet.

10 RETIREMENT SYSTEM

The Corporation is a participating employer in the New York City Employee's Retirement System (the "System") of which some of the employees of the Corporation are members. The Corporation pays its proportionate share of the System's cost as actuarially computed.

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 alternative 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.

11 DUE TO THE UNITED STATES

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 or to be occupied by tenants qualifying for Section 8 housing assistance payments. Pursuant to the contracts, HUD makes annual contributions to the Corporation in an amount equal to the annual assistance payments plus an administrative fee, 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. At the balance sheet date, the Corporation held $3,503,000 in prefunded annual contributions. Related fees earned during fiscal 1989 amounted to $1,460,000 and are included in the Corporate Services Fund.

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, Rebate Fund, into which amounts required to be rebated to the Federal Government pursuant to Section 148 of the Internal Revenue Code of 1986, as amended ("Code") are deposited. The Code requires the payment to the United States Treasury of the excess of the amount earned on all nonpurpose 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, together with any earnings attributable to such excess. Project or construction funds, debt service funds or any other funds or accounts funded with proceeds of the bonds, including earnings, or pledged to or expected to be used to pay interest on the bonds are subject to this requirement. Issues with respect to which all gross proceeds are expended for the governmental purpose of the issue within six months 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 upon the retirement of the bonds.

12 COMMITMENTS

The Corporation is committed under four operating leases for office space for minimum annual rentals for the next five years as follows:

YEAR ENDING OCTOBER 31	
1990	$512,000
1991	457,000
1992	494,000
1993	504,000
1994	504,000
Total rents for the next five years	**$2,471,000**

Remaining mortgage commitments at October 31, 1989 are as follows:

HOUSING DEVELOPMENT CORPORATION:	
Multi-Family Bond Programs:	
80/20	$21,600,000
HOUSING ASSISTANCE CORPORATION	12,126,000
Total commitments	**$33,726,000**

Remaining investment commitments for the purchase of mortgage backed securities at October 31, 1989 are as follows:

Housing Development Corporation	$11,960,000
Housing Assistance Corporation	956,000
Total commitments	**$12,916,000**

13 LITIGATION

In the conduct of the Corporation's business, it is involved in normal 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 financial position of the Corporation.

14 SUBSEQUENT EVENTS

A On November 15, 1989, the Corporation redeemed $1.2 million aggregate principal amount of the Multi-Family Housing Limited Obligation Bonds (Polyclinic Apartments Project) as a result of Polyclinic's prepayment of its outstanding mortgage loan balance.

B On November 24, 1989, the Corporation redeemed $11.6 million aggregate principal amount of the 1988 Resolution A Housing Development Refunding Bonds from the monies provided by the issuance of the 1989 Series A (Sheridan Manor Apartments) Insured Multi-Family Mortgage Revenue Bonds in order to provide funds to finance the mortgage loan for a multifamily rental housing project.

C On December 16, 1989, HAC and the Corporation made a mortgage loan totalling $6.1 million to fund the construction and permanent financing for a multi-family rental housing project known as Astoria Apartments.

Independent Auditor's Report

To the Members of
The New York City Housing
Development Corporation

We have audited the accompanying combined balance sheet of the New York City Housing Development Corporation and its subsidiaries, Housing Assistance Corporation and Housing New York Corporation, as of October 31, 1989 and the related combined statements of revenues and expenses, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 the 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, such combined financial statements referred to above present fairly, in all material respects, the financial position of the New York City Housing Development Corporation and its subsidiaries as of October 31, 1989 and the results of its operations, the changes in their fund balances and their cash flows for the year then ended in conformity with generally accepted accounting principles.

We have previously audited the combined financial statements of the New York City Housing Development Corporation and its subsidiaries for the year ended October 31, 1988, comparative financial information from which is presented herein. In our opinion, such comparative financial information has been properly extracted from the prior year's financial statements.

Deloitte & Touche

Deloitte & Touche
January 25, 1990

The Corporation's Staff

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President

Abraham J. Greenstein
Executive Vice President

Maria N. Arroyo
Executive Assistant

Helen Bojceniuk
Secretary to the Executive Vice President

Development

Joni L. Brooks
Vice President

Charles Brass
Director of Development

Judith R. Blaylock
Donald Rubenstein
Assistant Directors of Development

Bernard Hecht
Director of Financial Analysis

Louis DeLuca
Development Coordinator

June Ricketts
Betty Scarlett
Administration

Legal

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Vice President and General Counsel

David S. Boccio
Deputy General Counsel and Secretary

Sharron P. A. Levine
Assistant General Counsel

Michelle Abbott
Yvonne Glenn
Paralegals

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Director of Operations

Mary McConnell
Deputy Director of Operations

Blanche Hodges
Office Manager

Rosemary Baptiste
Ellie Candelario
Frank Huertas

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Assistant Treasurer

Diane Jones
Purchasing Manager

Cash Management

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Assistant to the Treasurer

Harry Fried
Investment Analyst

Karyn Raquette
Investment Administrator

Cynthia Ceschini
Phyllis Cregg
Joseph Porsia
Renee Shepperson
Theresa Vellecco

Mortgage Servicing Department

Dennis Nolan
Mortgage Servicing Administrator

Mei H. Kiang
Nancy Lauck
Divina Martir
Karen Mattics

Computer Operations

Joan Berkeley
Supervisor

Keith Dealissia
Kevin Moore

Accounting

Kenneth Mertz
Controller

Lucille Tufano
Chief Accountant

Cathleen Baumann
Juliet Bolden
Judith Clark
Rhoda Dean-Yhap
Richard L. Hayes
Shirley Jarvis
Mary John
Cherrill McPhoy
Margaret Murphy
Frieda Schwartz
Bharat Shah
Himanshu Shah
Bonnie Sprung
Cheuk Yu

Internal Audit

Teresa Gigliello
Internal Auditor

Asset Management

Peggy Joseph
Director

Ali Karbo
Assistant Director

Nydia Bermudez
Lamont Boney
Geraldine Brown
Rui A. Carvalho
Mei Chan
Delia Lau
John Martiniello
Josefa Matarazzo
Giacomo Tafuro
Robert Ramirez
Sylvia Santiago
Mary Saunders
Shirell Taylor
Patricia Waller
Gwendolyn Williams
Stefania Williams

Management Information and Financial Analysis

Michael Hirst
Director

Charles Dreiss
Assistant Director

Giusseppe D'Agosto
Jeffrey DeVito
Irene Yau

We wish to extend our gratitude to Thomas E. Dewey, Jr., who resigned as Vice Chairman of the Corporation in 1989.

Mr. Dewey served the Corporation with distinction since its inception in 1972. His experience, knowledge and leadership were instrumental factors in enabling HDC to finance nearly 60,000 units of affordable housing during the past two decades.

DESIGN: THE RUSSELL PARTNERSHIPS
PHOTOGRAPHY: STEVE HILL
MAP ILLUSTRATION: DAVID FLAHERTY