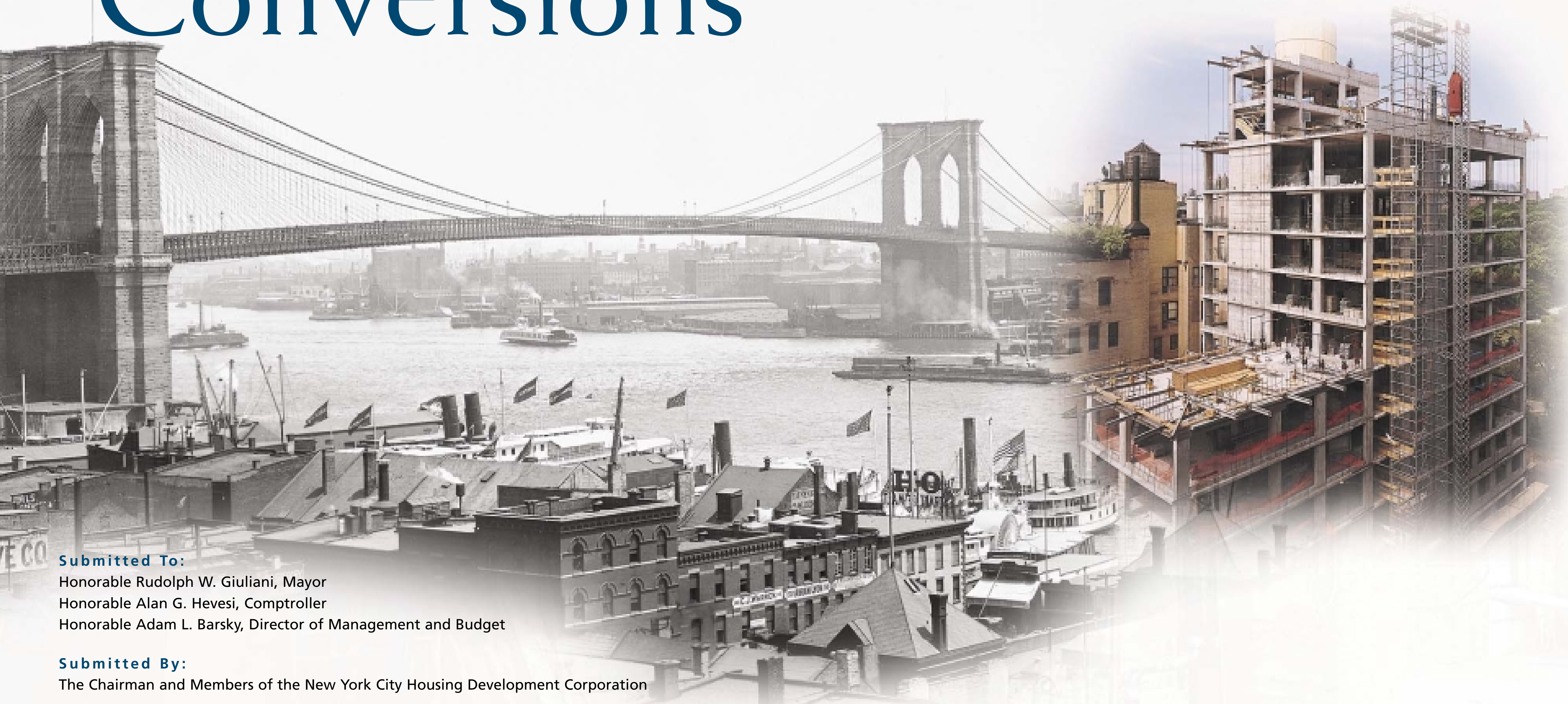
New York City

HOUSING DEVELOPMENT CORPORATION

1999 ANNUAL REPORT

The Power of:

Conversions



Submitted To:

Honorable Rudolph W. Giuliani, Mayor
Honorable Alan G. Hevesi, Comptroller
Honorable Adam L. Barsky, Director of Management and Budget

Submitted By:

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

The theme of this year's report is conversions—the development activity that gives new purpose and vitality to vacant and abandoned buildings. Buildings that were once useful and productive presences in a community, but that had been abandoned and dilapidated, have now been turned around, thanks to HDC financing, to stand as strong symbols of revitalization.

The general decline in New York City's fortunes in the 1980s and early 1990s took a heavy toll on many neighborhoods. Falling property values drove many residents out of the City, and, as people moved out, entire neighborhoods declined. Formerly dynamic communities could no longer support many of the businesses and schools that once reflected their vitality, and many of them closed.

Just as many of these properties were victims of forces beyond their control, they have now reaped the benefits of the many positive changes in the City over the past six years. Civility, mutual respect and confidence have been restored, and the hard-won achievements of the current administration have made New York City, according to a survey by a national magazine, the place Americans most want to live. That demand makes feasible the projects featured in this year's report.

The five featured projects that follow illustrate the utility and flexibility of HDC's programs. Three of the properties featured in this year's report were developed through New HOP, HDC's middle-income program; and two through 100% LITE, one of our low-income development programs. They include a hat factory founded in 1840, the oldest standing armory in the City, a former furniture warehouse, an automobile showroom and a casket factory.

Look at the featured buildings and celebrate these success stories. From their early promising beginnings, they withstood the challenges of time and circumstances, and reemerged from their metamorphosis to have renewed positive impact on their communities.

Report of the Chairman & the President

Russell A. Harding
President

Richard T. Roberts
Chairman

On behalf of the Members of the New York City Housing Development Corporation ("HDC") and its subsidiary corporations, including the New York City Residential Mortgage Insurance Corporation ("REMIC"), we are pleased to submit our 1999 Annual Report.

Under the leadership of Mayor Rudolph W. Giuliani, New York City, which was considered ungovernable in the early 1990s, has experienced a dramatic turnaround. Business is booming and neighborhoods are thriving. New York City is now a desirable location for new media companies, film crews, national retailers and tourists. Most importantly, to us at HDC, it is once again an attractive place for people to work and to live.

The changes of the past six years have presented HDC with a challenging paradox. Accompanying all of the recent growth and prosperity is a heightened need for affordable housing, which had been in short supply for decades before this surge. Recognizing that an inventory of quality housing is an essential element in stabilizing and revitalizing neighborhoods, HDC is working hard to increase affordable housing opportunities throughout the City, combining innovation with targeted efforts to form partnerships and leverage resources.

HDC provides the critical financial support for a broad range of housing types, funding projects that range from 20 rental units in a rehabilitated five-story walk-up to 1,000+ units in projects with multiple newly constructed elevator buildings. The Corporation is especially proud of its creative and innovative approach to program development and its responsiveness to changing market needs. HDC maximizes development options by drawing on the full range of financing instruments, from the issuance of taxable and tax-exempt bonds to the creative use of its reserves, always balancing the need for fiscal prudence with the production of affordable housing in New York City.

Since 1994, HDC has invested or committed to invest more than $1,000,000,000 in affordable housing development. This capital investment has produced over 11,000 new or rehabilitated housing units, and signifies the renewed vitality in neighborhoods from Brownsville, Brooklyn to Mott Haven in the Bronx.

One successful, innovative program has been HDC's New Housing Opportunities Program ("New HOP"), announced at the end of 1997. The positive changes in the City over the past six years have brought a particular demand for middle-income housing in the City, and

New HOP was designed as a vehicle to address that renewed demand. It is the first program designed strictly to produce middle-income housing in New York City in nearly 30 years. In the two-and-a-half years of activity since the program's inception, 2,000 units, from substantial rehabs to new construction to conversions, have been financed through New HOP, all of them affordable to middle-income New Yorkers.

In New York, we have a special interest in the important and rapidly growing elderly community. Seniors comprise a higher percentage of the total population in New York State than in the nation as a whole. As the population continues to age, the need for special housing options increases, particularly for low-income and middle-income elderly New Yorkers. HDC has developed new residential models designed to fill the span between independent living and nursing homes, and several new projects are in development.

Of special note in this fiscal year's activity is the opening of the deSales Residence in upper Manhattan. Located on Fifth Avenue, with views of Central Park, the 127 large studios in this newly constructed 14-story facility provide housing with supportive services for the elderly. Ninety percent of the units are reserved for low-income residents. This HDC-financed project is the first of its kind in New York City to receive a license that will allow low-income residents to apply their Medicaid and SSI payments to cover rental costs.

For nearly twenty years, the conventional 80/20 Program, which relies on tax-exempt financing, has been the primary vehicle for developing mixed-income housing in high-cost areas of Manhattan. During these years, the demand for tax-exempt financing has far exceeded the available capacity. Taking advantage of declines in the spread between taxable and tax-exempt interest rates, HDC has introduced a Taxable 80/20 Program. This resourceful response by HDC to pressing market realities will increase funding options and expand opportunities for 80/20 developments.

In 1999, the Corporation committed its corporate reserves in record amounts to broaden its impact on affordable housing. At the same time, HDC continued to generate sufficient net revenue to meet its aggressive programmatic agenda. The volatile activity in the financial markets this year has had no adverse impact on HDC.

For the year, HDC issued a total of $240,400,000 in new tax-exempt and taxable bonds that financed 2,000 new units of affordable housing. New construction and rehabilitation projects figured prominently. Of special interest, HDC provided the funding for five projects that joined the past with the present, converting properties built for non-residential uses into distinctive and much-needed affordable housing. It is particularly meaningful to fund the transformation of vacant, and sometimes even abandoned, properties into renewed purpose. Their past use and historical place in the neighborhood are the foundation that brings continuity and a special richness to the shape of the new version.

The completion of each of these projects is another rewarding example of HDC's successful efforts to prolong the useful life of buildings that are important neighborhood landmarks. The result is additional affordable housing, and, equally important, these projects help to preserve a community's history and demonstrate the revitalization of a neighborhood.

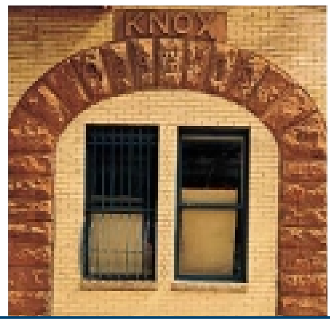
This year HDC moved into new quarters at 110 William Street. This is the same building that housed HDC at its start nearly 30 years ago, and this return is symbolic of both continuity and renewal. Building on a solid foundation of accomplishments, the Corporation's new and proven programs effectively expand affordable housing opportunities for low-, moderate- and middle-income New Yorkers. HDC proudly closes the decade with a year of exceptional performance, record activity and ongoing innovation.

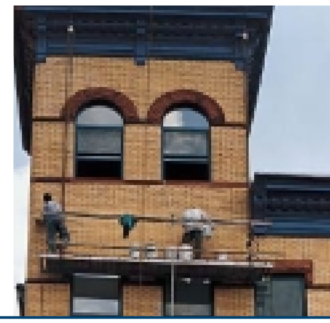
Richard T. Roberts
Chairman

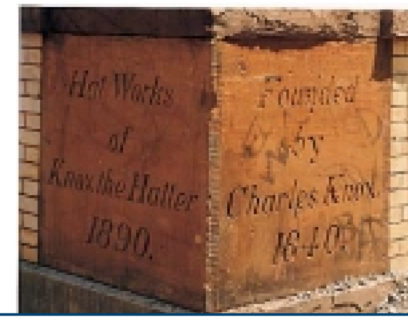
Russell A. Harding
President

New HOP Project:

Knox Hat Factory







Knox Hat Factory

Ornate window detail. • Workers restore the façade. • Original cornerstone remains in place, a reminder of another time.

New HOP

For nearly thirty years, there were no new housing development programs in New York City targeted to middle-income residents, a segment of the City's population that is underserved by private development. Due to Mayor Rudolph Giuliani's achievements, neighborhoods are thriving once again and demand for middle-income housing has been growing exponentially. Two-and-a-half years ago, to help meet this demand, HDC introduced the New Housing Opportunities Program ("New HOP"). New HOP is designed to stimulate the production of housing that is both attractive and affordable to middle-income New Yorkers.

Operating at no direct cost to the City, New HOP uses HDC taxable bond proceeds to provide the permanent financing for both rental and cooperative housing development. Bond proceeds can also be applied to construction loans with appropriate third-party credit enhancement. New HOP blends corporate reserves with the taxable bond proceeds to achieve below market-rate financing. The program funds new construction, substantial rehabilitation and as-of-right conversions.

This year marks the beginning of a new chapter in the history of a number of significant neighborhood buildings that were not originally built for residential use. With financing through HDC's New HOP, thoughtful rehabilitation has converted these structures into spectacular and distinctive apartments designed specifically for middle-income New Yorkers.

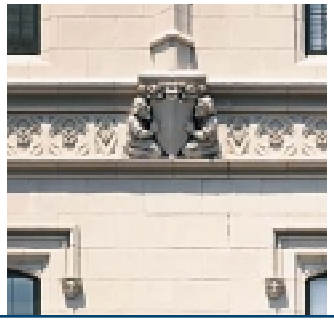
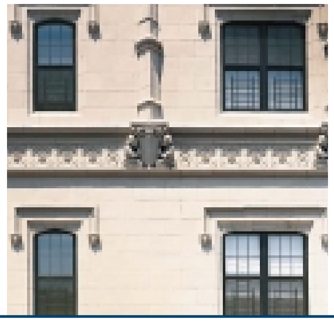
Knox Place

Built in 1840 and expanded in 1878, the sprawling Knox Hat Factory had been vacant for almost 30 years. Once one of Brooklyn's most accomplished firms, the Knox Corporation was known as the "hatter to presidents" and also boasted an elaborate Manhattan executive office building, now incorporated into a larger bank building. As hat sales declined over the years, the company went out of business.

The old Knox Hat Factory was the last large undeveloped building shell and vacant lot in the immediate area of Prospect Heights. The massive empty building had become an eyesore that cast a pall over old and new housing in the neighborhood, and impeded overall revitalization. Converted now to 52 exceptional residential units, with a mix of studios and one-, two- and three-bedroom apartments, Knox Place has been restored to a positive and welcome presence in the community. HDC provided a $3,617,000 permanent mortgage through New HOP and a second mortgage of $1,462,000 from HDC's corporate reserves.

100% LITE Project:

The Studebaker


STUDEBAKER

Original terra-cotta ornaments have been preserved. • Old Studebaker logo, high atop the building, bridges past and present.

100% LITE

HDC's 100% Low-Income Tax-Exempt Bond Program ("100% LITE") is a nationally recognized model for expanding funding opportunities for the development of low-income housing. By combining tax-exempt bond financing with other available subsidy programs, HDC enables developers to qualify for Federal Low Income Housing Tax Credits ("LIHTC"). This program provides an essential alternative to the scarce 9% tax credits available through New York State allocation, and serves as an important source of equity for developers.

THE STUDEBAKER

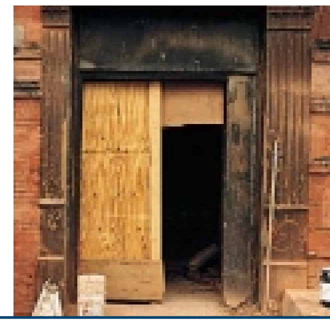
Lack of consumer demand heralded the end for Studebaker automobiles and the company that manufactured them. The company's demise in 1963 ended a chapter in the history of the Studebaker showroom at the corner of Bedford Avenue and Sterling Place in Crown Heights. The 90-year-old building had several subsequent uses after Studebaker closed its doors, and then it sat vacant for many years. At the busy neighborhood corner, the empty building was a forlorn reminder of more prosperous times.

A shortage of housing stock in the community made the conversion to affordable housing the most logical use for the building located in a predominantly residential area. In fact, by the time work was finished, several thousand applications were received for the 27 apartments. Qualifying tenants with families could earn an annual maximum of $32,000; the maximum for single people was $22,400. In selecting residents for the building, preference was given to longtime neighborhood residents.

The handsome old terra-cotta façade has been restored, and presents a bright and welcoming appearance to the neighborhood. The reclaimed and converted building now provides 27 unique units of housing that are affordable to low-income New Yorkers. Apartments range from studios to one- and two-bedroom units, each with hardwood floors and huge closets. The former commercial space has yielded high ceilings and larger windows than are usual in residential construction. The street level has been designed for a combination of commercial and community services space.

HDC provided a $1.8 million construction loan for the conversion of the Studebaker through 100% LITE, as well as a $965,725 permanent first mortgage through the Corporation's Affordable Housing Permanent Loan Program ("AHPLP"). New York City's Department of Housing Preservation & Development ("HPD") provided the permanent second mortgage at one percent through its Participation Loan Program ("PLP").

Program: 100% LITE



Brook Avenue Gardens

Operating as the Casket Factory, *circa* 1940. • During construction. • Reclaimed as Brook Avenue Gardens apartments.

100% LITE

HDC's 100% Low-Income Tax-Exempt Bond Program ("100% LITE") is a flexible and innovative financing vehicle that is used for a variety of housing types depending on opportunity and need. 100% LITE funds are advanced for construction loans, which are repaid, for the most part, from a variety of local subsidy programs. The most commonly used subsidy has been New York City's §421-a Negotiable Certificate Program ("§421-a"). Through §421-a, the tax credits generated by the low-income project are linked to the demand for tax credits from market-rate housing projects. By selling their earned real estate tax benefits to developers of market-rate housing in Manhattan, low-income housing builders are able to prepay the tax-exempt bond funded construction loans. The lack of permanent debt allows the developer to keep rental costs down.

Construction loans funded through 100% LITE can also be prepaid with other subsidized loans, as well as with conventional permanent loans.

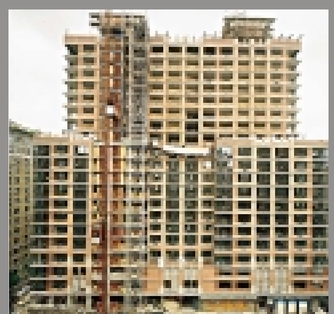
During the past year, HDC provided nearly $35,000,000 of Private Activity Bond Volume Cap through 100% LITE to finance the development of approximately 500 new and rehabilitated units of low-income housing. In addition to the conversions of Studebaker [page 6] and Brook Avenue Gardens [below], 100% LITE projects this year included Quincy Greene, a 44-unit rehab in Bedford-Stuyvesant, and 40 newly constructed town-houses in East New York—both in Brooklyn; as well as 68 newly constructed units in the Crotona Park section of the Bronx.

Brook Avenue Gardens

Two historically significant buildings, each more than 100 years old, have been saved with funding from 100% LITE. Known in its last incarnation as the Hygrade Casket Factory, for the past several decades, the two adjoining brick buildings in the Mott Haven section of the Bronx stood empty and decaying. They were an eyesore in the largely residential neighbor-hood, and had come to symbolize the property aban-donment and deterioration suffered by the South Bronx in the 1970s and 1980s.

With a $5.9 million construction loan provided through 100% LITE, the buildings have been meticulously restored, including the original cast-iron columns and wooden beams, and now provide 79 apartments affordable to low- and very-low-income New Yorkers. Permanent financing includes a $2.75 million first mortgage financed through HDC's AHPLP Program.

Program: Tax-Exempt 80/20
Taxable 80/20



Symphony Space

Site of future Symphony Space, *circa* 1940. • Construction underway for apartments built on top of existing performance space.

Tax-Exempt 80/20 Program

HDC's tax-exempt bond proceeds are available for construction and permanent mortgage financing of privately owned multi-family housing in which at least 20% of the units are designated for low-income residents (*i.e.*, people earning no more than 50% of median income.) The remaining units are rented at prevailing market levels. Under this program, building owners have the option of electing to reserve 25% of the units for tenants earning 60% or below area median. Since 1994, HDC's investments through the 80/20 Program have incorporated nearly 600 units of low-income housing into nine market-rate projects.

2521-37 Broadway

HDC is providing $89 million in a mix of taxable and tax-exempt bond proceeds to fund the development of a 22-story mixed-use building atop Symphony Space, an established performing arts center on the Upper West Side of Manhattan. As part of the overall project, the arts center has been totally refurbished. The cre-ative architectural solution allows Symphony Space to stay in place on its large lot while a concrete and steel platform above it serves as the foundation for the new structure. Twenty-five percent of the 285 rental units in the new building, ranging from studios to three-bedroom apartments, will be offered to ten-ants earning 60% or below area median. This is the first time the developer of a tax-exempt bond financed new construction project in Manhattan has agreed to set aside 25% of the units, instead of the customary 20%, for low-income residents.

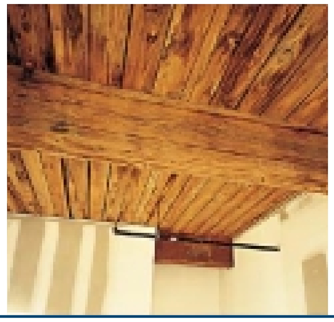
Taxable 80/20 Program

HDC values its reputation for innovative and creative approaches to leveraging limited financing resources. The availability of tax-exempt bonding authority is not adequate to even begin to satisfy the demands for these funds, and many worthwhile eligible projects must be turned away. Taking advantage of the recent declines in the spread between taxable and tax-exempt interest rates, HDC has introduced a programmatic "conversion" in addition to the many featured property conversions, and created the nation's first Taxable 80/20 Program. HDC is making taxable bond proceeds available for the construction and permanent financing of multi-family rental projects where at least 20% of the units are affordable to low- and moderate-income tenants. Those tenants are defined as households earn-ing up to 80% of the New York City median income. To make these developments viable, HDC is providing subsidies of up to $20,000 per low-income unit.

HDC believes that its Taxable 80/20 Program will enhance the flexibility of the standard 80/20 Program, making funding more accessible without relying on Private Activity Bond Volume Cap, and expanding the options available to developers.

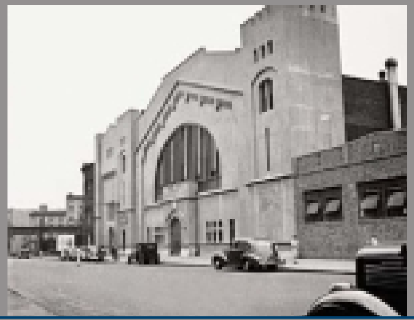
Looking back on the second anniversary:

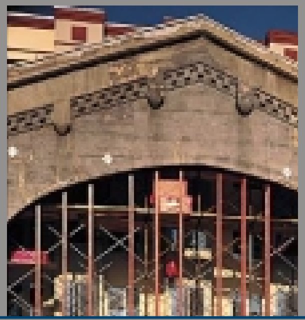
The Impact of New HOP



Emerson Place

As a furniture warehouse, *circa* 1940. • Original heavy-beamed ceilings have been retained. • Reborn as Emerson Place apartments.





Clermont Armory

Façade of the Armory, *circa* 1940. • Construction underway, including restoration of stucco walls, and preservation of soaring arches.

The Impact of New HOP

Since HDC launched the New Housing Opportunities Program ("New HOP") just over two years ago, 25 projects have received funding through the program, producing 2,000 units of housing throughout New York City. In addition to the conversions of Knox Place [page 4], Emerson Place and the Clermont Armory [both page 11], New HOP activity this year featured a number of new construction projects, including 137 units in Flushing, Queens; 38 units on Manhattan's Lower East Side; 74 townhouse units on Staten Island; and 91 units in the Kingsbridge section of the Bronx. One rehabilitation project grouped five buildings to provide 51 units in Central Harlem. These projects are all designed specifically for middle-income New Yorkers, and help to meet the considerable demand for quality, affordable housing in this underserved market.

HDC introduced a new middle-income senior housing component to the New HOP program this year. Through this innovative use of New HOP, HDC provides housing for seniors that includes services currently found in high-cost retirement villages affordable only to the very wealthy. The first project financed through this program is Village Senior Housing. This 85-unit senior living facility, located at 10th Avenue and 46th Street in Manhattan, offers meals, housekeeping and personal-care services.

This year, we are opening the doors again to begin a new chapter in the history of several significant neighborhood buildings that were not originally built for residential use. With financing through HDC's New HOP, thoughtful rehabilitation has converted three former commercial structures into spectacular and distinctive apartments designed specifically for middle-income New Yorkers.

Many of these buildings remained vacant for years—depressing, hulking reminders of what the neighborhood had once been. The buildings became magnets for vagrants and vandals before the welcome conversion to handsome middle-income apartments.

With variations from one project to another, you will find features such as 18-foot-high ceilings, original mosaic floor tiles and decorative iron stair rails. Incorporating the best architectural elements of earlier incarnations, these special buildings boast unique and attractive details that it would not be cost-effective to produce today. These features forge a link between past and present, and help to reinforce a neighborhood's character and continuity. Creativity and attention to detail have gone into each of these projects, with special efforts made to care for, and preserve, the best of the past.

Emerson Place

Located in the Clinton Hill neighborhood of Brooklyn, 139 Emerson Place is one of the three striking New HOP conversions featured this year.

A vacant former furniture factory, this 100-year-old building was painstakingly converted, and now provides 50 modern and spacious apartments. As with most conversions, the apartments are filled with unique architectural elements. Many of the one- and two-bedroom units contain the original heavy timber-framed high ceilings, which serve to retain the flavor of the loft-like warehouse space. Four duplex apartments now occupy the top of the former commercial building, and each of these apartments opens onto a large roof deck with panoramic views. Considerable thought and effort went into designing a property that would attract and serve the middle-income New Yorkers who have so much difficulty finding appropriate affordable housing in the City. Emerson Place is an outstanding example of well-conceived community revitalization.

Emerson Place received a $4,000,000 permanent loan through New HOP and a $1,250,000 second mortgage from HDC's corporate reserves.

The Clermont

Built in 1873 for the New York State 23rd Regiment, which saw military action in the Civil War, World War I and at Normandy in World War II, the Clermont Armory is the oldest standing armory in New York City. Subsequently called the Encumbrance Warehouse, the property was used by the NYC Department of Sanitation to store heavy equipment. After Sanitation left, vandals did substantial damage. Copper cladding was stripped from the roof, resulting in total destruction of the fine oak paneling, and at least one of the marble fireplace mantles was carried off. Located in the Fort Greene section of Brooklyn, the long-vacant Clermont fell into major disrepair. Its sheer bulk made it a major obstacle to neighborhood revitalization as well as a daunting development prospect.

An amazing transformation has taken place. With the investment of a $10.3 million first mortgage through New HOP and a $2.2 million second mortgage from HDC's corporate reserves, the Clermont has been converted into 111 unique studio, one-, two- and three-bedroom units. Complementing the dramatic facade, three of the enormous, soaring wrought iron arches that once supported the building's roof have been retained. Now, as open architectural elements, they frame a large landscaped central courtyard. The neighborhood eyesore is now a neighborhood anchor.

Division Profile:

Development

HDC's Development Division generates the principal business of HDC—creating new financing programs that fit the needs of affordable housing developers in the City, and finding projects that will make the best use of HDC financing. HDC's housing development programs are designed to further the Corporation's commitment to increasing the availability of affordable housing for low-, moderate- and middle-income New Yorkers while addressing the financial constraints faced by producers of affordable housing.

In the past several years, HDC has applied ingenuity and flexibility to expand its ability to provide attractive financing options. New program initiatives generated by the Development Division play a key role in increasing the supply of affordable housing for low-income and middle-income tenants.

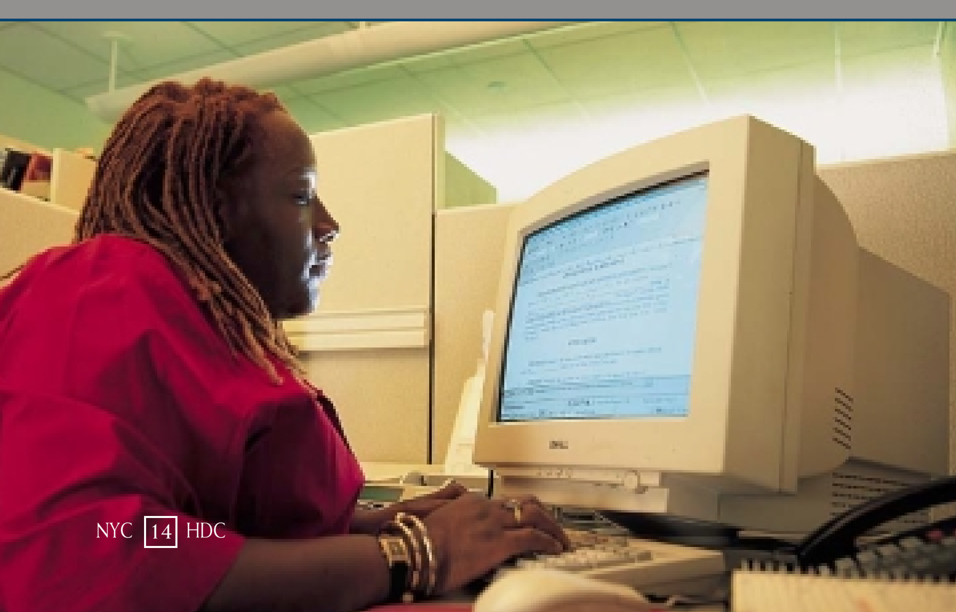
In 1999, HDC's New Housing Opportunities Program ("New HOP"), a program created at the end of 1997 to address the housing needs of middle-income New Yorkers, experienced incredible growth, more than doubling commitments for new projects over last year. Also in 1999, HDC's 100% Low-Income Tax-Exempt Bond Program ("100% LITE") won an award for excellence from the National Association of Local Housing Finance Agencies ("NALHFA"). The 100% LITE Program combines tax-exempt bond financing with "4%" tax credits to make projects 100% affordable to low-income tenants earning less than 60% of area median income.

Adapting to changing market conditions, Development implemented two programmatic variations this year. The first involved a change in New HOP to encourage developers to build assisted living housing for middle-income seniors. The second, known as the "Taxable 80/20 Program," provided a response to the scarcity of tax-exempt financing available for low-income housing by combining taxable financing with second mortgage loans from HDC's corporate reserves. Development designed each of these in response to continued and growing demand for specific types of housing in New York City.

The Development Division seeks and encourages new business, and works to ensure that the Corporation finances quality projects. Strict underwriting standards are applied to each project. The Division staff reviews development proposals, and underwrites project loans to ensure the long-term financial and operational stability of each project financed by the Corporation.

The Development Division works particularly closely with the Legal Division to shape new programs, and also to make each project a reality. Once the underwriting has been completed and business issues are finalized, Development and Legal work together to close each deal. Several other HDC divisions, including Cash Management, Construction Servicing and Mortgage Servicing and Billing, work closely with Development.

1999 was the first full year of operation with an expanded Development staff. The personnel expansion helped the Development Division to achieve a record number of closings and commitments this year.



Division Profile:

Legal

HDC has a well-deserved reputation for innovative and flexible financing programs that stimulate the production of affordable housing in New York City. The Corporation's Legal Division plays a major role in developing and implementing the financing concepts behind these programs.

The Legal Division has broad responsibilities. First among them is to provide advice and counsel to the President of HDC to ensure the ongoing policies and activities of the Corporation are carried out in accordance with applicable laws. A large portion of the Division's work involves advising the Development Division on the legal implications and structuring requirements of financing programs, as well as providing counsel on specific transactions.

The Legal Division oversees the creation of programs and the financing of projects to ensure that they further HDC's housing policies and satisfy all legal requirements for the issuance of the Corporation's bonds. Staff attorneys draft legal documents and perform closings for the Corporation's bond and real estate transactions. In 1999, HDC issued a total of $240,400,000 in new tax-exempt and taxable bonds, the proceeds of which were utilized to originate mortgage loans for affordable housing developments.

Other HDC divisions that receive counsel from the Legal Division include Compliance, Construction Servicing, Mortgage Servicing and Billing, Treasury and Accounting.

In addition to its work with the other divisions of the Corporation, Legal performs the following activities:

- To ensure maximum success in meeting workload requirements, every attorney participates in all phases of real estate transactions, and tax-exempt and taxable bond issuances. The Division includes five attorneys and two paralegal assistants. Each brings a different set of skills and experience in real estate and public finance to the Division.
- To close loans efficiently and to stay abreast of new legal developments, the Division conducts internal monthly seminars to familiarize attorneys and paralegals with the documents that are used in real estate transactions, and to update such materials. These sessions allow each staff member to work independently while, at the same time, ensuring consistency of work product.

HDC's attorneys have worked closely and creatively with many financing partners on a broad range of projects, fostering new relationships and developing and enhancing partnerships with public and private lenders. In 1999, two of the more innovative projects resulting from these ongoing efforts were:

1) Closing on the Central Harlem ANCHOR project on Lenox Avenue and 116th Street. In addition to negotiating and coordinating the financing of this 241-unit residential cooperative and retail project, the Division's work included issuance of the Corporation's bonds, origination of a first mortgage and a subsidy loan and interaction with various public and private entities, lenders and guarantors participating in this complex financing arrangement.

2) Financing of a senior-living facility with HDC's 501(c)3 tax-exempt bonds. The senior-living facility was built in conjunction with the construction of a separately owned and developed health-related facility that was financed with the proceeds of tax-exempt bonds issued by a separate New York State authority. Each facility operates in separate space within the same building, which is divided into two condominium units. This project required extensive coordination of the real estate documentation and the issuance of the two independent bond series, and the simultaneous closing of several real estate loans.

The Legal Division's creative approach to identifying issues and resolving problems has allowed HDC to be responsive to policy initiatives and to changing market conditions. Legal's efforts have contributed enormously to the Corporation's nationally recognized position as an innovator in the financing of affordable housing.

Executive Staff

Leadership based on character, determination and commitment.

A strong team delivers results.

From left to right: David S. Boccio, Senior Vice President and General Counsel; Matthew H. Summy, Senior Vice President and Chief of Staff; Harry I. Fried, Senior Vice President and Chief Financial Officer; Russell A. Harding, President; Luke Cusack, Senior Vice President, Administration; Teresa Gigliello, Senior Vice President, Asset Management and Budget. (Not pictured, Edward Solan, Senior Vice President, Development.)

Directors

Members of the Corporation wish to acknowledge the departure of Charles "Chuck" Brass, who served HDC for 16 years, concluding his service as First Senior Vice President, Development. During that time, Chuck spearheaded efforts to create the programs that have made HDC a nationally recognized leader in affordable housing. Chuck's contributions helped not only to make HDC a succcessful corporation, but also a corporation characterized by vision, creativity, and dependability.

Richard T. Roberts
Chairman

Bill Green
Vice Chairman

Adam L. Barsky *(not pictured)*

Michael W. Kelly

Harry E. Gould, Jr.

Charles O. Moerdler

Andrew S. Eristoff

Projects Currently Financed by the Corporation

General Housing Program

Project Name	Loan Amount	Number of Units
Brooklyn		
Linden Plaza	$ 50,345,450	1,527
Manhattan		
Independence Plaza	$ 64,594,680	1,332
Knickerbocker Plaza	24,844,100	578
North Waterside	12,859,300	370
Waterside	61,577,000	1,100
Yorkville Towers	62,717,942	1,258
Queens		
Ocean Park	$ 18,265,900	602
TOTAL	**$295,204,372**	**6,767**

Mitchell-Lama (223-F Refinancings)

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

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

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

Section 8 Program

Project Name	Loan Amount	Number of Units
Bronx		
2404, 2412, 2416 Crotona Avenue	$ 3,222,800	74
Academy Gardens	18,120,300	471
Brookhaven I	5,673,500	95
Clinton Arms	4,962,700	86
Felisa Rincon de Gautier Houses	7,420,400	109
McGee Hill Apts.	3,677,200	59
McKinley Manor	3,738,100	60
Miramar Court	4,895,900	90
Rainbow Plaza	9,088,200	127
SEBCO/Banana Kelly	4,510,200	65
Target V—Phase I	5,552,100	83
Thessalonica Courts	13,940,000	192
Villa Alejandrina	4,084,600	71
Washington Plaza	4,954,000	75
Woodycrest Court II	3,199,800	58
Brooklyn		
1650 President Street	$ 2,411,200	48
Boro Park Courts	8,459,100	131
Crown Heights Dev. 1	2,197,400	36
Crown Heights Dev. 2	1,744,700	32
Fulton Park Sites 7 & 8	13,780,700	209
La Cabana	9,603,700	167
President Arms Apts.	1,326,500	32
Prospect Arms Apts.	3,505,700	91
Manhattan		
Caparra La Nueva	$ 5,908,800	84
Charles Hills Towers	7,373,200	101
Cooper Square	10,678,100	146
Ennis Francis Houses	16,794,100	230
Hamilton Heights Terrace	8,654,300	132
Lenoxville	5,584,700	118
Lexington Gardens	7,749,800	108
Lower East Side—Phase I	5,665,000	100
Metro North Court	6,063,300	91
Revive 103	4,318,100	60
Will' A View Apts.	3,777,300	55
TOTAL	**$222,635,500**	**3,686**

80/20 New Construction Program

Project Name	Loan Amount	Number of Units
Manhattan		
520 West 43rd Street	$ 55,070,000	375
400 West 59th Street	150,000,000	722
189 West 89th Street	53,000,000	265
251 West 94th Street	89,000,000	284
600 Columbus	24,600,000	166
The Brittany	57,000,000	272
Carnegie Park	70,000,000	462
Columbus Green	14,500,000	95
James Tower	30,000,000	201
Key West	49,000,000	207
Manhattan Park/Roosevelt Isl.	158,466,700	1,107
The Monterey	104,600,000	522
Tribeca Tower	55,000,000	440
Village West	18,675,000	148
The Westmont	32,500,000	163
West End Towers	156,086,600	1,000
2521-37 Broadway	89,000,000	285
Queens		
The Bristol	$ 5,620,000	66
TOTAL	**$1,212,118,300**	**6,780**

Moderate-Income Rental Housing Program

Project Name	HDC Loan	HAC Loan	Number of Units
Bronx			
St. Edmond's Court	0	$ 5,550,000	111
2051 Grand Concourse*	$ 4,450,000	0	63
Brooklyn			
1010 Development*	$ 919,800	0	16
405 Development	0	$ 945,000	24
196 Rockaway Parkway	0	2,617,000	71
255 Ocean Avenue	0	1,808,000	40
Golden Gates Apts.	0	4,225,000	85
Manhattan			
Logan Plaza*	$10,291,000	$ 1,845,407	130
Two Bridges	8,241,997	0	198
Upper Fifth Avenue	10,000,000	9,245,100	151
Queens			
Astoria Apartments	$ 2,193,200	$ 3,951,500	62
Queenswood	11,200,600	17,929,100	296
Scheur House of Flushing*	13,229,700	0	155
Staten Island			
Harbour View*	$ 9,713,500	0	122
TOTAL	**$70,239,797 (HDC)**	**$48,116,107 (HAC)**	**1,524**

**Project receives annual subsidy from the Housing Assistance Corporation*

Projects Currently Financed by the Corporation

Hospital Staff Housing

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

Limited Equity Cooperative Program

Project Name	Loan Amount	Number of Units
Bronx		
South Bronx Cooperatives:		
Daly Avenue	$ 1,888,304	32
Tremont-Vyse I	1,416,228	24
Tremont-Vyse II	1,062,171	18
Tremont-Vyse III	1,770,285	30
Brooklyn		
South Williamsburg	$ 6,645,000	105
Manhattan		
Maple Court	$11,863,627	135
Maple Plaza	16,750,000	155
TOTAL	**$41,395,615**	**499**

Housing New York—Construction Management Program

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

Assisted Living Program

Project Name	Loan Amount	Number of Units
Manhattan		
deSales Assisted Living Project	$20,665,000	127
TOTAL	**$20,665,000**	**127**

New Housing Opportunities Program

	First Mortgage Amount	Second Mortgage Amount	Number of Units
Bronx			
Palmer Court I	$ 5,900,000	$ 1,340,000	67
Palmer Court II	6,200,000	1,700,000	68
3815 Putnam Avenue	6,870,000	1,820,000	91
Brooklyn			
287 Prospect Avenue	$ 4,740,000	$ 886,000	52
79 Clifton Place	3,800,000	720,000	40
421 DeGraw Street	7,713,000	1,710,000	90
471 Vanderbilt Avenue	2,330,000	520,000	26
597 Grand Avenue	3,617,000	1,462,000	52
167 Clermont Avenue	10,340,000	2,200,000	110
Manhattan			
Central Harlem Plaza	$ 31,615,000	$ 6,935,000	241
Queens			
39-07 208th Street	$ 2,092,000	$ 500,000	26
136-43 37th Avenue	6,685,000	1,340,000	60
58-12 Queens Boulevard	11,825,000	2,200,000	122
TOTAL	**$103,727,000**	**$23,333,000**	**1,045**

100% Low-Income Tax-Exempt Bond Program

Project Name	Loan Amount	Number of Units
Bronx		
Gerard Court	$ 8,100,000	126
River Court	8,100,000	126
3716-20 Third Avenue	2,500,000	42
2130 Crotona Avenue	6,200,000	85
950 Jennings Street	6,000,000	83
1129 Vyse Avenue	900,000	11
1046-50 Hoe Avenue	2,200,000	42
454-464 East 148th Street	5,900,000	79
1118 Intervale Avenue	4,900,000	68
Brooklyn		
Wyona Mews	$ 2,800,000	40
Quincy Street/Greene Street	4,300,000	44
1469-71 Bedford Avenue	1,800,000	27
Spring Creek III	7,000,000	100
46-58 Sullivan Street	1,300,000	20
Manhattan		
349-359 Lenox Avenue	$ 1,700,000	26
1831 2nd Avenue	3,800,000	19
67 Macombs Place	3,300,000	58
2570-72 Adam Clayton Powell Jr. Boulevard	1,300,000	18
211 West 105th Street	2,500,000	11
208, 212-218 West 133rd Street	3,000,000	55

100% Low-Income Tax-Exempt Bond Program *(continued)*

Project Name	Loan Amount	Number of Units
Queens		
Beach 24th and Seagirt Avenue	$ 9,800,000	122
TOTAL	**$87,400,000**	**1,202**

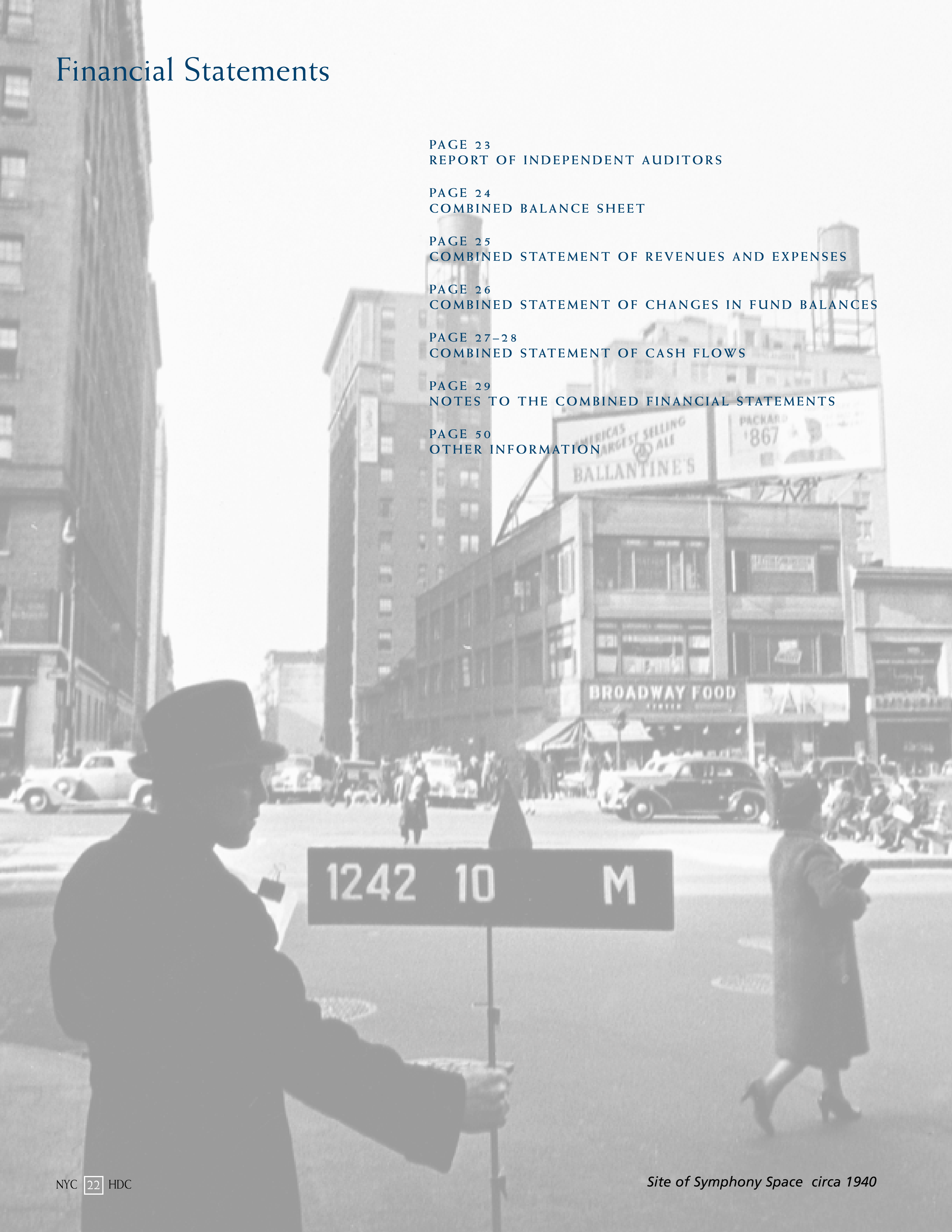
Rehabilitation Loan Program

Project Name	Loan Amount	Number of Units
Bronx		
Allerton Coops	$ 6,094,365	698
Lewis Morris Apts.	11,363,700	271
1290/1326 Grand Concourse	3,680,000	104
Artist's Housing	915,400	23
Robin Housing	2,977,600	101
591 East 165th Street	239,400	30
988, 992 Boston Road	122,800	31
1038-1077 Boston Road	911,334	149
675 Coster Street	297,823	33
889, 890 Dawson Street	1,120,000	96
Sheridan Manor	10,979,000	450
651 Southern Boulevard	167,250	41
302 Willis Avenue	373,000	35
1296 Sheridan Avenue	2,537,000	59
1740 Grand Avenue	1,107,738	92
1985 & 1995 Creston Avenue	1,002,048	85
240 East 175th Street	963,750	119
Brooklyn		
Ditmas Arms	$ 2,235,000	66
Linden Blvd.	1,047,161	101
Ocean Avenue	499,765	49
285 Development	1,800,000	58
Clarkson Gardens	2,000,000	105
Willoughby/Wyckoff Apts.	2,755,400	68
Woodruff Apartments	3,250,000	84
141-3 Fifth Avenue	631,000	36
753, 759, 763-87 Greene Avenue	164,000	41
480 Nostrand Avenue	250,000	25
171 Rockaway Boulevard	98,000	44
5201 Snyder Avenue	318,278	32
Van Buren Street	502,500	65
236 Greene Avenue	645,124	16
932-8 Eastern Parkway	814,000	24
1409-15 St. John's Place	690,000	40
1544 Park Place	460,000	34
243 13th Street	749,711	50
500 Nostrand Avenue	3,212,000	46

Rehabilitation Loan Program *(continued)*

Project Name	Loan Amount	Number of Units
Manhattan		
Kamol Apartments	$ 995,736	48
White Star Houses	549,147	52
Revive 103 North	1,863,000	30
110 West 111th Street	550,080	48
1-7 West 137th Street	602,000	51
9 West 137th Street	270,329	17
2006 Amsterdam Avenue	774,000	18
2445-9 Frederick Douglass Blvd.	1,677,000	39
230-45, 255-9 West 116 St.	2,537,000	59
55 West 129th Street	1,818,000	36
216 & 224 West 141st Street	1,342,000	31
54 Vermilyea Avenue	233,075	20
128-136 Edgecombe Avenue	1,000,000	67
630 West 135th Street	234,262	31
1572 Lexington Avenue	540,039	13
2733 Frederick Douglass Blvd.	406,000	12
229-31 E. 105th Street	2,635,000	55
542-48 & 552-58 W. 149th Street	1,659,000	36
144 West 144th Street	675,000	16
2492-94, 2052 Frederick Douglass Blvd.	152,000	27
466-70 West 150th Street	760,314	60
21-23 & 29-31 East 104th Street	1,144,000	70
530 Audubon Avenue	757,800	45
205-213 West 145th Street	1,512,431	62
301-09 W. 113th St., 2099, 2107 8th Ave.	952,000	70
Queens		
Met Houses III	$ 5,432,051	468
TOTAL	**$98,045,411**	**4,882**

Financial Statements



Site of Symphony Space circa 1940

Report of Independent Auditors

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 (the "Corporation"), as of October 31, 1999, and the related combined statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended. These combined financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The combined financial statements of the Corporation for the year ended October 31, 1998 were audited by other auditors whose report, dated January 29, 1999, expressed an unqualified opinion on those standards as to the conformity with generally accepted accounting principles.

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, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 1999, and the results of its operations, the changes in its fund balances and its cash flows for the year then ended in conformity with generally accepted accounting principles.

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

Ernst & Young LLP

January 14, 2000

Combined Balance Sheet

October 31, 1999 (with comparative combined totals as of October 31, 1998) (in thousands)

		Discretely Presented Component Units			Combined Total	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	1999	1998
ASSETS						
Cash	$ 4,957	—	3	65	5,025	5,184
Investments (note 4)	891,404	26,947	38,568	31,847	988,766	880,348
Total Cash and Investments	**896,361**	**26,947**	**38,571**	**31,912**	**993,791**	**885,532**
Receivables:						
Mortgage loans (note 5)	2,275,194	44,164	—	—	2,319,358	2,167,242
Accrued interest	13,255	1,794	—	—	15,049	13,979
Sale of mortgages	2,455	—	—	—	2,455	2,893
Other (note 6)	5,540	—	197,893	—	203,433	207,474
Total Receivables	**2,296,444**	**45,958**	**197,893**	**—**	**2,540,295**	**2,391,588**
Unamortized issuance costs	15,330	—	2,020	—	17,350	17,121
Interfund receivable (payable)	(3,627)	3,952	(6)	(319)	—	—
Fixed assets	6,340	—	—	11	6,351	737
Other assets (note 5)	25,509	—	—	2	25,511	26,810
Total Assets	**$3,236,357**	**76,857**	**238,478**	**31,606**	**3,583,298**	**3,321,788**
LIABILITIES AND FUND BALANCES						
Liabilities:						
Bonds payable (note 7)	$2,331,670	—	234,976	—	2,566,646	2,389,823
Net discount on bonds payable	(1,024)	—	(8,596)	—	(9,620)	(10,330)
Accrued interest payable	28,633	—	6,710	—	35,343	33,125
Payable to the City of New York (note 9)	155,886	76,308	729	—	232,923	199,588
Payable to mortgagors	136,462	—	—	—	136,462	126,089
Restricted earnings on investments	2,823	—	—	—	2,823	2,151
Accounts and other payables	891	—	—	93	984	1,593
Deferred fee and mortgage income	43,913	—	—	—	43,913	40,156
Due to the United States Government (note 11)	4,028	—	—	—	4,028	3,745
Total Liabilities	**2,703,282**	**76,308**	**233,819**	**93**	**3,013,502**	**2,785,940**
Fund balances:						
Restricted	389,518	549	3,511	31,513	425,091	383,437
Unrestricted	143,557	—	1,148	—	144,705	152,411
Total Fund Balances	**533,075**	**549**	**4,659**	**31,513**	**569,796**	**535,848**
Commitments and Contingencies (notes 12 and 13)						
Total Liabilities and Fund Balances	**$3,236,357**	**76,857**	**238,478**	**31,606**	**3,583,298**	**3,321,788**

See accompanying notes to the combined financial statements.

Combined Statement of Revenues and Expenses

Year ended October 31, 1999 (with comparative combined totals year ended October 31, 1998) (in thousands)

	Housing Development Corporation Programs	Discretely Presented Component Units: Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1999	Combined Total 1998
REVENUES						
Interest on loans (note 5)	$126,013	—	—	—	126,013	128,231
Earnings on investments (note 4)	30,482	(2,667)	(2,424)	2,342	27,733	37,272
Fees and charges (note 11)	9,676	—	—	243	9,919	9,385
Other (note 6)	51	—	14,212	—	14,263	14,246
Total Revenues	**166,222**	**(2,667)**	**11,788**	**2,585**	**177,928**	**189,134**
EXPENSES						
Interest and amortization (note 7)	111,708	—	16,029	—	127,737	125,702
Salaries and related expenses	7,513	—	—	836	8,349	7,660
Services of New York City	324	—	—	—	324	335
Trustees' and other fees	1,336	—	79	104	1,519	2,110
Amortization of debt issuance costs	1,294	—	150	—	1,444	1,169
Corporate operating expenses (note 8)	3,090	—	—	97	3,187	1,728
Non-operating expenses (note 9)	1,319	—	—	—	1,319	1,410
Total Expenses	**126,584**	**—**	**16,258**	**1,037**	**143,879**	**140,114**
Excess of Revenues Over Expenses Before Operating Transfers	**39,638**	**(2,667)**	**(4,470)**	**1,548**	**34,049**	**49,020**
Operating Transfers to Corporate Services Fund	200	—	—	(200)	—	—
Excess of Revenues Over Expenses After Operating Transfers	**$ 39,838**	**(2,667)**	**(4,470)**	**1,348**	**34,049**	**49,020**
Allocation of Excess of Revenues Over Expenses:						
Restricted fund balance	18,598	(2,667)	(4,521)	1,348	12,758	28,293
Unrestricted fund balance	21,240	—	51	—	21,291	20,727
Excess of Revenues Over Expenses	**$ 39,838**	**(2,667)**	**(4,470)**	**1,348**	**34,049**	**49,020**

See accompanying notes to the combined financial statements.

Combined Statement of Changes in Fund Balances

Year ended October 31, 1999 (with comparative combined totals year ended October 31, 1998) (in thousands)

	Housing Development Corporation Programs	Discretely Presented Component Units: Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Combined Total 1999	Combined Total 1998
RESTRICTED						
Balance at beginning of year	$342,000	3,216	8,032	30,189	383,437	383,328
Excess of revenues over expenses	18,598	(2,667)	(4,521)	1,348	12,758	28,293
Distributions to New York City	—	—	—	(51)	(51)	—
Net transfers from (to) unrestricted fund balances	28,920	—	—	27	28,947	(28,184)
Balance at End of Year	**389,518**	**549**	**3,511**	**31,513**	**425,091**	**383,437**
UNRESTRICTED						
Balance at beginning of year	151,314	—	1,097	—	152,411	103,500
Excess of revenues over expenses	21,240	—	51	—	21,291	20,727
Distributions to New York City	(50)	—	—	—	(50)	—
Net transfers from (to) restricted fund balances	(28,947)	—	—	—	(28,947)	28,184
Balance at End of Year	**143,557**	**—**	**1,148**	**—**	**144,705**	**152,411**
Total Fund Balances at End of Year	**$533,075**	**549**	**4,659**	**31,513**	**569,796**	**535,848**

See accompanying notes to the combined financial statements.

Combined Statement of Cash Flows

Year ended October 31, 1999 (with comparative combined totals year ended October 31, 1998) (in thousands)

		Discretely Presented Component Units			Combined Total	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES						
Excess of revenues over expenses	$ 39,838	(2,667)	(4,470)	1,348	34,049	49,020
Net adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities (note 14)	3,241	1,041	7,439	(174)	11,547	(2,108)
Changes in assets and liabilities:						
Net change in accrued bond interest payable	2,218	—	—	—	2,218	(16,147)
Net change in investment interest receivable	(409)	—	(52)	(72)	(533)	(1,214)
Net change in accrued earnings payable to mortgagors	1,394	—	—	—	1,394	1,410
Net change in accrued earnings payable to the City of New York	8,326	1,850	42	—	10,218	9,501
Net change in other assets	20	—	—	3	23	(46)
Net change in accounts and other payables	(89)	—	—	(103)	(192)	(290)
Net change in accrued mortgage and loan interest receivable	(1,097)	(170)	—	—	(1,267)	772
Net change in other receivables	11	—	—	—	11	900
Net change in receivable from Battery Park City	—	—	(2,724)	—	(2,724)	2,819
Net change in servicing fee receivable	51	—	—	—	51	(49)
Net transfers between programs	215	—	(2)	(213)	—	—
Net change in deferred bond refunding costs	(174)	—	—	—	(174)	(2,881)
Net change in due to the United States Government	412	—	—	—	412	453
Total Changes in Assets and Liabilities	**10,878**	**1,680**	**(2,736)**	**(385)**	**9,437**	**(4,772)**
Restricted earnings on investments	553	—	—	—	553	1,134
Loan principal payments received	56,121	—	—	—	56,121	48,293
Mortgage and loan advances	(201,932)	—	—	—	(201,932)	(89,157)
Receipt of mortgagor and other escrows	274,860	—	—	—	274,860	183,120
Deferred commitment and financing fees	6,062	—	—	—	6,062	6,753
Disbursements of mortgagor escrows	(104,260)	—	—	—	(104,260)	(104,716)
Disbursements to the City of New York	(138,833)	(2,511)	(135)	—	(141,479)	(101,570)
Issuance costs	(2,910)	—	—	—	(2,910)	(4,561)
Other (Net)	(112)	—	—	—	(112)	(142)
Total Adjustments to Reconcile Excess of Revenues Over Expenses	**(96,332)**	**210**	**4,568**	**(559)**	**(92,113)**	**(67,726)**
Net Cash Provided By (Used In) Operating Activities	**$ (56,494)**	**(2,457)**	**98**	**789**	**(58,064)**	**(18,706)**

(continued)

See accompanying notes to the combined financial statements.

Combined Statement of Cash Flows *(continued)*

Year ended October 31, 1999 (with comparative combined totals year ended October 31, 1998) (in thousands)

		Discretely Presented Component Units			Combined Total	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	1999	1998
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Proceeds from sale of bonds	$ 511,325	—	—	—	511,325	298,670
Retirement of bonds	(336,977)	—	—	—	(336,977)	(414,423)
Net Cash Provided By (Used In) Non-Capital Financing Activities	**$ 174,348**	—	—	—	**174,348**	**(115,753)**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Purchase of fixed assets	(6,065)	—	—	—	(6,065)	(499)
Sale of fixed assets	14	—	—	—	14	4
Net Cash Provided By (Used In) Capital Financing Activities	**$ (6,051)**	—	—	—	**(6,051)**	**(495)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale of investments, at cost	15,641,448	84,147	76,047	13,199	15,814,841	12,827,422
Purchase of investments	(15,753,471)	(81,691)	(76,146)	(13,925)	(15,925,233)	(12,933,557)
Net Cash Provided By (Used In) Investing Activities	**$ (112,023)**	**2,456**	**(99)**	**(726)**	**(110,392)**	**(106,135)**
Increase (decrease) in cash	(220)	(1)	(1)	63	(159)	(241,089)
Cash at beginning of year	5,177	1	4	2	5,184	246,273
Cash at End of Year	**$ 4,957**	—	**3**	**65**	**5,025**	**5,184**

See accompanying notes to the combined financial statements.

Note 1: Organization

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

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

Note 2: Summary of Significant Accounting Policies

The Corporation follows the principles of fund accounting in that each program's assets, liabilities and fund balances are accounted for as separate entities. Each program utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. Other significant accounting policies are:

A. Investments

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

B. Earnings on Investments

Earnings on investments include interest income and changes in fair value. Investment earnings on monies held for the City, project Reserves for Replacement and certain other project escrows are not included in the Corporation's revenues, rather, they are reported in the Combined Balance Sheet as payable to the City or payable to mortgagors. Similarly, restricted earnings on investments represent the cumulative amount by which pass-through program revenues exceed expenses. Such amounts 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.

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 interest method.

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. Fees and Charges

Commitment and financing fees are recognized over the life of the related mortgage.

F. Allowance for Credit Losses

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

G. Combined Total

The combined total data are the aggregate of the Corporation and its component units (subsidiaries). No eliminations were required to be made in arriving at the totals.

H. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with Generally Accepted Accounting Principles. Actual results could differ from those estimates.

Note 3: Description of Programs and Corporate Services Fund

(A) New York City Housing Development Corporation

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

(i) Multi-Family Bond Programs:

(a) Section 223(f)

The Multi-Family and 1991 Multi-Unit Refunding Bond Programs were originally established in 1977 and 1980, respectively, in connection with the refinancing of 81 existing multi-family housing projects that had been financed by Mitchell-Lama mortgage loans payable to the City.

(b) Housing Revenue Bond

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

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

(c) 80/20

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

(d) 100% Low-Income Tax-Exempt Bond

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

(e) Hospital Residence

This program was established to provide financing for residential facilities for hospital staff.

(f) Residential Cooperative Housing

This program was established to provide a portion of the permanent financing for residential housing cooperative programs.

(ii) Corporate Services Fund:

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

(B) Housing Assistance Corporation

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

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

(C) Housing New York Corporation

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

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

Revenue Bond Program:

The proceeds of the bonds were used to finance the initial phase of the Housing New York Program. The City used these monies to fund all or a portion of the substantial rehabilitation and/or construction of approximately 1,557 residential housing units and related facilities in the boroughs of Manhattan and the Bronx.

(D) New York City Residential Mortgage Insurance Corporation

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

REMIC is required to maintain certain reserves, one of which is the housing insurance fund which shall be used as a revolving fund solely for the payment of liabilities arising from housing insurance contracts. The housing insurance fund requirement as of any particular date must be in an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to housing insurance contracts, plus (ii) twenty percent of the insured amounts under housing insurance contracts other than insured amounts which are due and payable pursuant to (i) above, plus (iii) twenty percent of the amounts to be insured under REMIC's commitments to insure. The housing insurance fund requirement at October 31, 1999 is $12,816,000.

REMIC must also maintain a mortgage insurance fund which shall be used solely for the payment of liabilities arising from mortgage insurance contracts which are contracts of the Old REMIC or contracts based on commitments of the Old REMIC. The mortgage insurance fund requirement as of any particular date shall be an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to mortgage insurance contracts, plus (ii) an amount equal to the greater of (A) $7,500,000 or (B) twenty percent of the sum of the insured amounts under mortgage insurance contracts and the amounts to be insured under commitments to insure. The mortgage insurance fund requirement at October 31, 1999 is $7,846,000.

Any income or interest earned on the funds described above due to the investment of those funds in excess of their respective requirements shall be transferred at least annually to the premium reserve fund. The premium reserve fund must also be maintained to provide for the payment of REMIC's liabilities arising from its operations, including liabilities arising from housing and mortgage insurance contracts. The balance of this fund at October 31, 1999 is $9,857,000.

Note 4: Investments and Deposits

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

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

During fiscal year 1999, realized investment gains amounted to $82,000 while realized losses were $4,000. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. Realized gains and losses on investments that had been held prior to the current fiscal year and sold in this fiscal year may have been recognized as an increase or decrease in the fair value of investments prior to fiscal year 1999.

Governmental Accounting Standards Board ("GASB"), Statement No. 3 requires disclosure of the level of investment risk assumed by the Corporation as of October 31, 1999. Category 1 includes investments that are insured or registered, or held by the Corporation, or its agent in its name. Investments held in the Corporation's name by the Corporation, its agents and bond trustees are categorized by credit risk as follows:

						Combined Total	
	Category	Total HDC	Total HAC	Total HNYC	Total REMIC	1999	1998
(in thousands)							
U.S. Treasury Bonds	1	$ 46,671	—	24,832	—	71,503	64,218
U.S. Treasury Bills	1	74,161	—	—	—	74,161	71,197
U.S. Treasury Notes	1	90,253	—	8,013	27,762	126,028	199,691
U.S. Treasury Strips	1	264	26,293	—	—	26,557	30,160
Fixed Repurchase Agreements	1	205,246	654	5,723	—	211,623	179,929
GNMA	1	34,458	—	—	—	34,458	35,322
Open Time Deposits	1	243,456	—	—	—	243,456	164,276
Term Repurchase Agreements	1	51,433	—	—	—	51,433	71,265
Freddie Mac Notes	1	70,859	—	—	1,191	72,050	42,241
Federal Farm Credit Notes	1	14,189	—	—	—	14,189	262
Commercial Paper	1	10,354	—	—	—	10,354	18,960
Money Market and NOW Accounts	N/A	2,698	—	—	—	2,698	2,827
Federal Home Loan Mortgage	1	23,117	—	—	2,894	26,011	—
FNMA Callable Medium Term Note	1	11,572	—	—	—	11,572	—
FHLB Notes Callable	1	12,673	—	—	—	12,673	—
Totals		**$891,404**	**26,947**	**38,568**	**31,847**	**988,766**	**880,348**

Fixed repurchase agreements are held pursuant to written master repurchase agreements which permit liquidation of the applicable securities in the event of a default. Maturities range from 3 to 31 days. Margin requirements are 101% for overnight repurchase agreements and 102% for repurchase agreements maturing up to 34 days, all of which are priced daily. These agreements are used to provide short-term liquidity. Interest rates on all fixed repurchase agreements range from 5.07% to 5.22%. Maturity dates on all fixed repurchase agreements range from November 1, 1999 to November 19, 1999.

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

During the fiscal year, HDC entered into 12 OTD agreements. OTDs are non-participating, guaranteed investment contracts. At October 31, 1999, the cost basis of all unsecured OTDs amounted to $241,377,000. The cost basis of secured OTDs was $2,080,000.

Collateral securities were held by the respective bond program's trustee. Interest rates on all OTDs range from 1.35% to 5.9% with maturity dates that range from June 30, 2000 to April 30, 2037.

Term repurchase agreements are non-participating, guaranteed investment contracts. The interest rates under three revolving term repurchase agreements range from 6.16% to 6.6% with maturity dates that range from May 1, 2012 to April 1, 2030. Margin requirements under these agreements are 103% with weekly pricing of securities.

Freddie Mac Notes have maturity dates ranging from February 28, 2001 to July 29, 2002. Yield rates on these investments range from 5.52% to 6.3%. Federal Farm Credit Notes have maturity dates ranging from October 1, 2001 to May 17, 2002 and yield rates that range from 5.7% to 6%.

Commercial Paper has a maturity date of December 3, 1999 and a yield rate of 5.39%.

Combined cash deposits total $5,025,000 at October 31, 1999. These accounts were maintained with bond trustees, as well as with major commercial banks. HDC's cash deposits amounting to $198,000 are FDIC insured, while $15,000 of the City's Department of Housing Preservation and Development ("HPD") funds held for the City are collectively insured with other City funds in an amount up to $100,000. HNYC's cash balances totaled $3,000, all of which is FDIC insured in amounts pledged to bondholders. REMIC's cash deposits totaled $65,000, all of which are fully insured. All other cash deposits are uninsured.

Note 5: Mortgage and Other Loans

The Corporation has issued, under various programs, mortgage loans of $2,319,358,000 and $2,167,242,000 as of October 31, 1999 and 1998, respectively, to a number of qualified housing sponsors. Of this amount, mortgage loans outstanding at October 31, 1999 and 1998 were as follows:

	Total	Total	Combined Total	
Program	HDC	HAC	1999	1998
(in thousands)				
Section 223(f)	$ 298,952	—	298,952	306,036
1991 Multi-Unit Refunding Bond	85,863	—	85,863	87,435
Housing Revenue Bond	615,378	—	615,378	486,482
80/20	1,015,612	—	1,015,612	1,022,642
100% Low-Income Tax-Exempt Bond	42,802	—	42,802	—
Hospital Residence	137,770	—	137,770	138,370
Residential Cooperative Housing	40,266	—	40,266	23,814
Corporate Services	38,551	—	38,551	58,299
Other	—	44,164	44,164	44,164
Totals	**$2,275,194**	**44,164**	**2,319,358**	**2,167,242**

The mortgage loans listed above are originally repayable over terms of 8 to 49 years and bear interest at rates from 1% to 10.36% per annum. Primarily all mortgage loans receivable are collateralized by first mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. HDC has funded subordinate mortgage loans in the amount of $29,603,000, while HPD has funded subordinate loans held by HDC in the amount of $22,580,000.

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

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

Through April 30, 1996, these funds were paid to the City by the Corporate Services Fund. Since May 1, 1996, amounts representing future excess cash flows have been amortized in the Corporate Services Fund over the remaining program life using the yield method. Amortization for fiscal year 1999 amounted to $1,267,000 and is included by the Corporate Services Fund as non-operating expenses. The unamortized portion of these payments is included under the caption Other Assets in the Combined Balance Sheet. Amounts previously recorded as non-operating expenses in the 223(f) Program and the Multi-Unit Program have been included in operating transfers as of May 1, 1996, and will inure net of amortization to the Corporation.

In 1987, the Development Services Program ("DSP") was created to assist the City in implementing its many housing programs for low, moderate and middle income residents. As of October 31, 1999, the DSP consists of eight subprograms. The source of funding for the DSP is certain corporate reserves which have been set aside in a separate account, the Dedicated Account, which is included in the Corporate Services Fund. Loans made under the DSP are either interest free or have low interest rates. The Corporation's role in the seven subprograms involves the lending of the funds on deposit in the Dedicated Account. In the other subprogram, the Corporation has servicing responsibilities with regard to loans made by HPD (see note 12).

The Housing Assistance Corporation has mortgage loan advances to eight projects for various construction costs and capitalized accrued interest. Certain mortgages are second liens on buildings which have been rehabilitated. These NYC funded loans accrue interest at the rate of 1% per annum although payments are not due for approximately 20 years from the dates of the loans. Other subordinate mortgage loans were made to fund certain expenses of constructing new projects. The secondary loans bear no interest for approximately 25 years from completion of construction and then bear interest at a rate of 1% per annum.

Note 6: Other Receivables

(A) New York City Housing Development Corporation

Other Receivables amounts to $5,540,000, which represents commitment and financing fees, servicing fees, Reserve for Replacement loans and Corporate Services Fund Other Loans described in note 5.

(B) Housing New York Corporation

Other Receivables amounts to $197,893,000, which is composed in part of $142,728,000 in funds advanced to the City through October 31, 1999 in accordance with the 1993 Series A Revenue Bond Resolution. The City used these monies to reimburse itself for the costs incurred in connection with the substantial rehabilitation of residential housing and related facilities in Manhattan and the Bronx under the Housing New York Program. For a description of the manner in which advances made to the City will be repaid, see note 3(C). The remaining balance of $55,165,000 represents funds used to cover debt service. On May 1, 1993, HNYC began to require payment of assigned excess revenues from the BPCA on each debt service date in amounts necessary to cover bond principal and interest and HNYC trustee fees. Amounts recorded under the caption Other Revenues on the Combined Statement of Revenues and Expenses are used to cover program expenses.

Note 7: Bonds Payable

Changes in bonds payable for the year ended October 31, 1999 were as follows:

Description	Balance at Oct. 31, 1998	Issued	Retired	Balance at Oct. 31, 1999	Annual Debt Service
(in thousands)					
(variable rates cover fiscal year 1999)					
Housing Development Corporation					
Multi-Family Bond Programs:					
Section 223(f):					
Multi-Family Housing Bond Program—6.5% to 7.25% Bonds maturing in varying installments through 2019	$ 306,564	—	(7,052)	299,512	27,264
1991 Multi-Unit Mortgage Refunding Bond Program—4.4% to 7.35% Serial and Term Bonds maturing in varying installments through 2019	92,465	—	(1,940)	90,525	8,616
Total Section 223(f)	**$ 399,029**	**—**	**(8,992)**	**390,037**	**35,880**
Housing Revenue Bond Program:					
1993 Series A & B Bond Program—2.75% to 5.85% Serial and Term Bonds maturing in varying installments through 2026	$ 121,855	—	(2,215)	119,640	9,115
1994 Series A PLP Bond Program—8.4% and 8.95% Term Bonds maturing in varying installments through 2025	6,050	—	(235)	5,815	761
1995 Series A Multi-Family Housing Revenue Bond Program—3.5% to 5.6% Serial Bonds maturing in varying installments through 2007	40,210	—	(13,965)	26,245	4,214
1996 Series A Multi-Family Housing Revenue Bond Program—3.6% to 5.625% Serial and Term Bonds maturing in varying installments through 2012	202,495	—	(16,610)	185,885	20,049
1997 Series A & B Multi-Family Housing Revenue Bond Program—3.7% to 5.875% Serial and Term Bonds maturing in varying installments through 2018	24,880	—	(545)	24,335	2,029
1997 Series C Multi-Family Housing Revenue Bond Program—6.73% Term Bonds maturing in varying installments through 2011	30,000	—	(715)	29,285	3,252
1998 Series A Multi-Family Housing Revenue Bond Program—6.84% Term Bonds maturing in varying installments through 2030	57,800	—	—	57,800	3,954
1998 Series B Multi-Family Housing Revenue Bond Program—3.75% to 5.25% Serial and Term Bonds maturing in varying installments through 2031	21,380	—	—	21,380	1,080
1999 Series A-1 & A-2 Multi-Family Housing Revenue Bond Program—5.83% to 6.06% Term Bonds maturing in varying installments through 2022 and 5.13% to 5.54% Variable Rate Bonds due upon demand through 2037	—	66,600	—	66,600	5,450

Description	Balance at Oct. 31, 1998	Issued	Retired	Balance at Oct. 31, 1999	Annual Debt Service
(in thousands)					
(variable rates cover fiscal year 1999)					
1999 Series B-1 & B-2 Multi-Family Housing Revenue Bond Program—6.83% to 7.32% Term Bonds maturing in varying installments through 2022 and 5.652% Variable Rate Bonds due upon demand through 2031	$ —	40,200	—	40,200	2,038
1999 Series C Multi-Family Housing Revenue Bond Program—4.4% to 5.7% Serial and Term Bonds maturing in varying installments through 2031	—	9,800	—	9,800	400
1999 Series D Multi-Family Housing Revenue Bond Program—3.75% to 5.5% Serial and Term Bonds maturing in varying installments through 2019	—	8,110	—	8,110	333
Total Housing Revenue Bond Program	**$ 504,670**	**124,710**	**(34,285)**	**595,095**	**52,675**
80/20:					
1989 Series A Upper Fifth Avenue Project—1.9% to 4.1% Variable Rate Bonds due upon demand through 2016	$ 10,000	—	—	10,000	366
1989 Series A Queenswood Apartments—1.75% to 4% Variable Rate Bonds due upon demand through 2017	11,600	—	—	11,600	377
1989 Series A Sheridan Manor Apartments—7.2% and 7.45% Term Bonds maturing in varying installments through 2008	8,905	—	(8,905)	—	1,229
1993 Series A Columbus Gardens Project—1.7% to 4% Variable Rate Bonds due upon demand through 2007	24,200	—	—	24,200	787
1993 Series A & B and 1995 Series A Manhattan Park—6.25% to 8% Term Bonds maturing in varying installments through 2030	158,970	—	(1,365)	157,605	11,825
1993 Series A Manhattan West Development—5.7% Term Bonds maturing in varying installments through 2036	141,735	—	—	141,735	8,079
1994 Series A James Tower Development—1.85% to 3.8% Variable Rate Bonds maturing in varying installments through 2005	24,800	—	(700)	24,100	1,512
1994 Series A York Avenue Development—2.15% to 4.25% Variable Rate Bonds due upon demand through 2024	57,000	—	(57,000)	—	—
1995 Series A Columbus Apartments Development—1.85% to 3.95% Variable Rate Bonds maturing in varying installments through 2025	22,870	—	(300)	22,570	932
1995 Series A-1, A-2 & B 400 West 59th Street Development—2.85% to 5.45% Variable Rate Bonds due upon demand through 2030	136,800	—	(136,800)	—	—

Description	Balance at Oct. 31, 1998	Issued	Retired	Balance at Oct. 31, 1999	Annual Debt Service
(in thousands)					
(variable rates cover fiscal year 1999)					
1996 Series A Barclay Avenue Development—5.75% to 6.6% Term Bonds maturing in varying installments through 2033	$ 5,600	—	(50)	5,550	410
1996 Series A & B West 43rd Street Development—1.9% to 5.65% Variable Rate Bonds due upon demand through 2029	55,070	—	(55,070)	—	—
1996 Series A West 89th Street Development—2% to 3.9% Variable Rate Bonds due upon demand through 2029	53,000	—	—	53,000	1,830
1996 Series A 400 West 59th Street Development—2.85% to 3.4% Variable Rate Bonds due upon demand through 2030	13,200	—	(13,200)	—	—
1997 Series A Related-Columbus Green Project—1.85% to 4% Variable Rate Bonds due upon demand through 2019	13,775	—	—	13,775	448
1997 Series A Related-Carnegie Park Project—1.85% to 3.95% Variable Rate Bonds due upon demand through 2019	66,800	—	—	66,800	2,206
1997 Series A Related-Monterey Project—1.85% to 4% Variable Rate Bonds due upon demand through 2019	104,600	—	—	104,600	3,454
1997 Series A Related-Tribeca Tower Project—1.9% to 3.9% Variable Rate Bonds due upon demand through 2019	55,000	—	—	55,000	1,816
1998 Series A & B Parkgate Development Project—1.8% to 5.9% Variable Rate Bonds due upon demand through 2028	37,315	—	(200)	37,115	1,220
1998 Series A & B One Columbus Place Project—1.9% to 5.9% Variable Rate Bonds due upon demand through 2028	—	150,000	(800)	149,200	5,143
1998 Series A & B Related-Broadway Project—1.9% to 5.9% Variable Rate Bonds due upon demand through 2031	—	89,000	—	89,000	3,087
1998 Series A & B Jane Street Development—1.9% to 5.9% Variable Rate Bonds due upon demand through 2028	17,875	—	(100)	17,775	718
1999 Series A & B West 43rd Street Project—2.55% to 5.4% Variable Rate Bonds due upon demand through 2029	—	55,820	(100)	55,720	1,955
1999 Series A Brittany Development Project—2.55% to 3.8% Variable Rate Bonds due upon demand through 2029	—	57,000	—	57,000	1,911
Total 80/20	**$1,019,115**	**351,820**	**(274,590)**	**1,096,345**	**49,305**

Description	Balance at Oct. 31, 1998	Issued	Retired	Balance at Oct. 31, 1999	Annual Debt Service
(in thousands)					
(variable rates cover fiscal year 1999)					
100% Low-Income Tax-Exempt Bond Program:					
1997 Series A Hughes Avenue Project—2.7% to 4.3% Variable Rate Bonds due upon demand through 2029	$ 4,900	—	(4,900)	—	—
1997 Series A Vermont School Project—2% to 4.3% Variable Rate Bonds due upon demand through 2029	5,000	—	(5,000)	—	—
1997 Series A West 115th Street Project—2.7% to 3.5% Variable Rate Bonds due upon demand through 2029	600	—	(600)	—	—
1997 Series A Frederick Douglass Project—2.7% to 3.8% Variable Rate Bonds due upon demand through 2029	600	—	(600)	—	—
1997 Series A Third Avenue Project—2% to 4.3% Variable Rate Bonds due upon demand through 2029	2,500	—	—	2,500	84
1997 Series A Lenox Avenue Project—2% to 4.3% Variable Rate Bonds due upon demand through 2029	1,700	—	—	1,700	57
1997 Series A Tompkins Court Project—1.95% to 4.3% Variable Rate Bonds due upon demand through 2029	7,100	—	(7,100)	—	—
1997 Series A Gerard Court Project—1.95% to 4.25% Variable Rate Bonds due upon demand through 2029	8,100	—	—	8,100	272
1997 Series A River Court Project—1.95% to 4.25% Variable Rate Bonds due upon demand through 2029	8,100	—	—	8,100	272
1998 Series A Crotona Avenue Project—1.95% to 4.25% Variable Rate Bonds due upon demand through 2030	6,200	—	—	6,200	208
1998 Series A Related-Second Avenue Project—2% to 4.3% Variable Rate Bonds due upon demand through 2030	3,800	—	—	3,800	127
1998 Series A Hoe Avenue Project—2% to 4.3% Variable Rate Bonds due upon demand through 2030	2,200	—	—	2,200	74
1998 Series A Vyse Avenue Project—2% to 4.3% Variable Rate Bonds due upon demand through 2030	900	—	—	900	30
1998 Series A Macombs Place Project—2% to 4.3% Variable Rate Bonds due upon demand through 2030	3,300	—	—	3,300	111
1998 Series A Jennings Street Project—1.95% to 4.25% Variable Rate Bonds due upon demand through 2030	6,000	—	—	6,000	201

Description	Balance at Oct. 31, 1998	Issued	Retired	Balance at Oct. 31, 1999	Annual Debt Service
(in thousands)					
(variable rates cover fiscal year 1999)					
1998 Series A Vermont Mews Project—2% to 4.3% Variable Rate Bonds due upon demand through 2030	$ —	2,800	—	2,800	94
1998 Series A Esplanade Mews Project—2% to 4.3% Variable Rate Bonds due upon demand through 2030	—	1,300	—	1,300	44
1998 Series A Quincy-Greene Project—1.95% to 4.25% Variable Rate Bonds due upon demand through 2030	—	4,300	—	4,300	144
1998 Series A Bedford Avenue Project—2% to 4.35% Variable Rate Bonds due upon demand through 2030	—	1,800	—	1,800	60
1999 Series A Brook Avenue Gardens Project—3% to 3.8% Variable Rate Bonds due upon demand through 2031	—	5,900	—	5,900	198
1999 Series A Intervale Avenue Project—3.05% to 3.8% Variable Rate Bonds due upon demand through 2031	—	4,900	—	4,900	164
1999 Series A Related-West 105th Street Project—3.05% to 3.8% Variable Rate Bonds due upon demand through 2031	—	2,500	—	2,500	84
1999 Series A Spring Creek III Project—3.25% to 3.35% Variable Rate Bonds due upon demand through 2031	—	7,000	—	7,000	235
1999 Series A Harmony House Project—3.25% to 3.35% Variable Rate Bonds due upon demand through 2031	—	3,000	—	3,000	101
1999 Series A Sullivan Street Project—3.25% to 3.35% Variable Rate Bonds due upon demand through 2031	—	1,300	—	1,300	44
Total 100% Low-Income Tax-Exempt Bond Program	**$ 61,000**	**34,800**	**(18,200)**	**77,600**	**2,604**
Hospital Residence:					
1993 Series A East 17th Street Properties—1.4% to 5.05% Variable Rate Term Bonds maturing in varying installments through 2023	$ 35,400	—	(600)	34,800	1,900
1993 Series A Montefiore Medical Center—1.75% to 4% Variable Rate Term Bonds maturing in varying installments through 2030	8,400	—	—	8,400	277
1998 Series 1 MBIA Insured Residential Revenue Refunding Bonds—2.18% to 3.55% Periodic Auction Reset Securities maturing in varying installments through 2017	103,300	—	—	103,300	3,308
Total Hospital Residence	**$ 147,100**	**—**	**(600)**	**146,500**	**5,485**

Description	Balance at Oct. 31, 1998	Issued	Retired	Balance at Oct. 31, 1999	Annual Debt Service
(in thousands)					
(variable rates cover fiscal year 1999)					
Residential Cooperative Housing:					
1990 Series A South Williamsburg Cooperative—7.9% Term Bonds maturing in varying installments through 2023	$ 6,575	—	(90)	6,485	606
1990 Series A South Bronx Cooperative—8.1% Term Bonds maturing in varying installments through 2023	6,335	—	(75)	6,260	590
1994 Series A Maple Court Cooperative—6.22% Term Bonds maturing in varying installments through 2027	12,195	—	(145)	12,050	902
1996 Series A Maple Plaza Cooperative—6.08% Term Bonds maturing in varying installments through 2029	16,750	—	—	16,750	1,118
Total Residential Cooperative Housing	**$ 41,855**	**—**	**(310)**	**41,545**	**3,216**
Total Bonds Payable Housing Development Corporation	**$2,172,769**	**511,330**	**(336,977)**	**2,347,122**	**149,165**
Housing New York Corporation Revenue Bond Program:					
1993 Series A Refunding Bonds—4.9% to 6% Serial and Term Bonds maturing in varying installments through 2020	$ 258,690	—	—	258,690	13,421
Total Bonds Payable Housing New York Corporation	**$ 258,690**	**—**	**—**	**258,690**	**13,421**
Total Bonds Payable Prior to Deferred Bond Refunding Costs	**$2,431,459**	**511,330**	**(336,977)**	**2,605,812**	**162,586**
Deferred bond refunding costs	(41,636)			(39,166)	
Total Bonds Payable Net of Deferred Bond Refunding Costs	**$2,389,823**			**$2,566,646**	

(A) New York City Housing Development Corporation

The Corporation's authority to issue bonds and notes for any corporate purpose is limited to the extent that (i) the aggregate principal amount outstanding may not exceed $2.8 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not currently exceed $30 million. No bonds are currently subject to the Capital Reserve Fund requirement.

(i) Multi-Family Bond Programs:

(a) Section 223(f)

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

The 1991 Multi-Unit Mortgage Refunding Bonds 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.

(b) Housing Revenue

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

On May 21, 1998, the Corporation issued $57,800,000 of its Multi-Family Housing Revenue Bonds, 1998 Series A, to finance construction and permanent senior mortgage loans for certain multi-family rental housing developments. Each development is expected to receive subordinate financing from the Corporation. These subordinate loans are not expected to be pledged as security on the bonds. Interest on the bonds is subject to federal income tax.

On September 24, 1998, the Corporation issued $21,380,000 of its Multi-Family Housing Revenue Bonds, 1998 Series B, to finance a portion of a construction mortgage loan and, upon completion and substantial occupancy of the Project, a permanent senior mortgage loan for an assisted living facility. In addition the Project will receive subordinate financing from the Corporation which will not be pledged as security for the 1998 Series B Bonds.

On March 3, 1999, the Corporation issued $66,600,000 of its 1999 Series A-1 and A-2 Federally Taxable Multi-Family Housing Revenue Bonds to finance construction and permanent mortgage loans and to finance the acquisition of permanent mortgage loans for certain newly constructed or substantially rehabilitated developments. Each development is also expected to receive subordinate construction and/or permanent financing from the Corporation. The subordinate loans are not expected to be pledged as security for the bonds.

On August 19, 1999, the Corporation issued $40,200,000 of its 1999 Series B-1 and B-2 (Federally Taxable) Multi-Family Housing Revenue Bonds. The Series B-1 Bonds are variable rate securities. The Series B-2 Bonds are fixed rate term bonds. The 1999 Series B Bonds are being issued to finance a portion of construction and permanent mortgage loans, and to finance a portion of the acquisition of permanent mortgage loans for certain newly constructed or substantially rehabilitated developments. It is expected that approximately 80% of the 1999 B loans will be financed with bond proceeds with the balance of the funds to be provided by other monies of the Corporation. Each 1999 Series B loan, in its entirety, will be pledged as security for the bonds.

On September 16, 1999, the Corporation issued $9,800,000 of its 1999 Series C (AMT) and $8,110,000 of its 1999 Series D (Non-AMT) Multi-Family Housing Revenue Bonds. The 1999 Series C Bonds are being issued to finance the construction and permanent loan for a newly constructed development. The mortgagor of the 1999 Series C Development is also expected to receive a permanent loan from the New York State Housing Trust Fund Corporation at a nominal interest rate. The Housing Trust Fund loan will be subordinate to the 1999 Series C mortgage loan and will not be pledged as security for the 1999 Series C Bonds. The 1999 Series D Bonds are being issued to refund certain of the Corporation's outstanding bonds. The 1999 Series D Bonds will be secured by a first mortgage on the 1999 Series D Development. HPD has funded a second mortgage loan on the 1999 Series D Development at a nominal interest rate. The subordinate loan is not pledged as security on the bonds.

(c) 80/20

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

On September 18, 1998, the Corporation issued $16,450,000 and $1,425,000 of its variable rate Multi-Family Rental Housing Revenue Bonds, 1998 Series A & B, respectively, to refinance the 100 Jane Street Development. The 1998 Series B Bonds are federally taxable. The 1995 Series A & B Multi-Family Mortgage Revenue Bonds, which had previously funded the mortgage loan, were immediately retired.

On October 22, 1998, the Corporation issued $36,500,000 and $815,000 of its variable rate Multi-Family Rental Housing Revenue Bonds, 1998 Series A & B, respectively, to refinance the Parkgate Development. The Variable Rate Demand Bonds (Parkgate Tower) 1985 Resolution 1 which had previously funded the mortgage loan were retired immediately. The 1998 Series B Bonds are federally taxable.

On November 19, 1998, the Corporation issued $150,000,000 of its variable rate 1998 Series A and 1998 Series B (Federally Taxable) Multi-Family Rental Housing Revenue Bonds (One Columbus Place Development) to refinance the project mortgage loan. This refinancing will result in the immediate redemption of the Corporation's variable rate Multi-Family Mortgage Revenue Bonds (400 West 59th Street Development) 1995 Series A-1 and A-2 Bonds.

On December 30, 1998, the Corporation issued $89,000,000 of its variable rate 1998 Series A and 1998 Series B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (Related-Broadway Development) to finance a mortgage loan for the purpose of paying the costs of acquiring, constructing and equipping a multi-family rental housing facility, as well as other costs related thereto.

The Corporation issued its variable rate Multi-Family Rental Housing Revenue Bonds (West 43rd Street Development), 1999 Series A and 1999 Series B (Federally Taxable) in the amount of $55,820,000 on April 6, 1999. The bonds are being issued to refinance the mortgage loan and to pay certain costs related thereto. As a result of the mortgage refinancing, the Corporation's variable rate 1996 Series A and 1996 Series B Multi-Family Mortgage Revenue Bonds (West 43rd Street Development) were immediately retired.

On June 18, 1999, the Corporation issued $57,000,000 of its variable rate 1999 Series A Multi-Family Rental Housing Revenue Bonds (Brittany Development) to refinance the mortgage loan. As a result of the mortgage refinancing, the Corporation's variable rate 1994 Series A Multi-Family Mortgage Revenue Bonds (York Avenue Development) were immediately retired.

(d) 100% Low-Income Tax-Exempt Bond

On December 24, 1997, the Corporation issued six series of its Multi-Family Mortgage Revenue Bonds, 1997 Series A, in the respective amounts of $4,900,000 (2111 Hughes Avenue Project), $5,000,000 (Vermont School Project), $600,000 (West 115th Street Project), $600,000 (Frederick Douglass Project), $2,500,000 (Third Avenue Project) and $1,700,000 (Lenox Avenue Project), to finance the mortgage loans for these projects.

On December 31, 1997, the Corporation issued three series of its Multi-Family Mortgage Revenue Bonds, 1997 Series A, in the respective amounts of $7,100,000 (Tompkins Court Project), $8,100,000 (Gerard Court Project) and $8,100,000 (River Court Project), to finance the mortgage loans for these projects.

On September 29, 1998, the Corporation issued two independent series of its variable rate Multi-Family Mortgage Revenue Bonds, 1998 Series A, in the amounts of $6,200,000 (Crotona Avenue Project) and $3,800,000 (Related-Second Avenue Project), to finance the mortgage loans for these projects.

On October 9, 1998, the Corporation issued three independent series of its variable rate Multi-Family Mortgage Revenue Bonds, 1998 Series A, in the amounts of $3,300,000 (Macombs Place Project), $2,200,000 (Hoe Avenue Project) and $900,000 (Vyse Avenue Project), to finance the mortgage loans for these projects.

On October 29, 1998, the Corporation issued $6,000,000 of its variable rate Multi-Family Mortgage Revenue Bonds (Jennings Street Project), 1998 Series A, to finance the mortgage loan for the project.

On December 22, 1998, the Corporation issued $2,800,000 of its variable rate Multi-Family Mortgage Revenue Bonds (Vermont Mews Project), 1998 Series A and $1,300,000 of its variable rate Multi-Family Mortgage Revenue Bonds (Esplanade Mews Project), 1998 Series A. Each issue of the bonds is being sold to finance a mortgage loan to the respective mortgagor, in the case of one project, in order to finance a portion of the costs of constructing and equipping such project, and in the case of the other project, in order to finance a portion of the costs of rehabilitating and equipping such project.

On December 23, 1998, the Corporation issued $4,300,000 of its variable rate Multi-Family Mortgage Revenue Bonds (Quincy-Greene Project), 1998 Series A, to finance a portion of the costs of rehabilitating and equipping the multi-family rental housing facility.

On December 31, 1998, the Corporation issued $1,800,000 of its variable rate Multi-Family Mortgage Revenue Bonds (Bedford Avenue Project), 1998 Series A, to finance a portion of the costs of rehabilitating and equipping a multi-family rental housing facility.

On July 28, 1999, the Corporation issued $5,900,000 of its variable rate 1999 Series A Multi-Family Mortgage Revenue Bonds (Brook Avenue Gardens Project), to finance a portion of the costs of converting a vacant commercial facility into a multi-family rental housing facility.

On August 11, 1999, the Corporation issued $4,900,000 of its variable rate 1999 Series A Multi-Family Mortgage Revenue Bonds (Intervale Avenue Project), to finance a portion of the costs of constructing and equipping a multi-family rental housing facility.

On August 17, 1999, the Corporation issued $2,500,000 of its 1999 Series A Multi-Family Mortgage Revenue Bonds (Related–West 105th Street Project), to finance a portion of the costs of constructing and equipping a multi-family rental housing facility.

On October 5, 1999, the Corporation issued three issues of its variable rate Multi-Family Mortgage Revenue Bonds, 1999 Series A, in the respective amounts of $7,000,000 (Spring Creek III Project), $3,000,000 (Harmony House Project) and $1,300,000 (Sullivan Street Project), to finance a portion of the costs of constructing or rehabilitating and equipping each respective project.

(e) Hospital Residence

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

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 to advance refund the MBIA Insured Residential Revenue Bonds (Royal Charter Properties-East, Inc. Project), 1985 Series 1, in the amount of $96,022,000. The advance refunding met the requirements of an in-substance defeasance, and, accordingly on October 31, 1999, none of the 1985 Series I Bonds are an outstanding obligation of the Corporation. At October 31, 1999, they totaled $17,027,000.

On April 17, 1998, the Corporation issued $103,300,000 of its MBIA Insured Residential Revenue Refunding Bonds, 1998 Series 1 Periodic Auction Reset Securities, to refund on May 4, 1998, all of its 1988 Series 1 MBIA Insured Residential Revenue Refunding Bonds (Royal Charter Properties-East, Inc. Project) and thereby refinance the Project.

(f) Residential Cooperative Housing

The four bond issues of this program are special obligations of the Corporation which are or will be secured by a pledge of payments to be made under the SONYMA insured mortgage loans subject to the terms and conditions contained in the respective insurance contracts or commitments. They are additionally secured by the revenues and accounts of the respective issues.

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

(B) Housing Assistance Corporation

HAC is not authorized to issue bonds or notes.

(C) Housing New York Corporation

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

Revenue Bond Program:

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

On December 16, 1993, HNYC issued $258,690,000 of its Senior Revenue Refunding Bonds, 1993 Series A, to advance refund the Revenue Bonds, 1987 Series A. The advance refunding met the requirements of an in-substance defeasance, and, accordingly on October 31, 1999, none of the 1987 A Bonds are an outstanding obligation of the Corporation. At October 31, 1999, they totaled $11,026,000.

(D) New York City Residential Mortgage Insurance Corporation

REMIC is not authorized to issue bonds or notes.

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

Year Ending October 31

(in thousands)	HDC	HNYC
2000	$ 32,906	—
2001	37,335	—
2002	43,428	—
2003	47,528	8,300
2004	55,316	8,705
Thereafter	2,130,609	241,685
Totals	**$2,347,122**	**258,690**

Note 8: Consultant's Fees

New York City Housing Development Corporation

The fees paid by the Corporation for legal and consulting services in fiscal year 1999 for HDC include: $309 to Swidler, Berlin, Shereff, Friedman, LLP; $70,000 to Hawkins, Delafield & Wood; $13,000 to Brown, Raysman, Millstein, Felder & Steiner, LLP; $28,000 to Epstein, Becker & Green, P.C.; $700 to Paradise, Alberts & Fisher, LLP; $7,000 to Ravin, Sarasohn, Cook, Baumgarten, Fisch & Rosen, for legal services. The Corporation paid consulting fees in the amount of $20,000 to Camelot Communications; $355,000 to Carlton Architecture P.C.; $1,000 to First American Real Estate; $71,000 to Michael H. Schill; $84,000 to Nancy Goldstein Projects, Inc.; $33,000 to New York City Partnership; $200 to Stanton & Co.; $19,000 to The Meehan Group and $55,000 to Wirthlin Worldwide. For corporate reorganization services, Ms. Joan Linley was paid $25,000.

In addition, the Corporation paid legal fees of $1,005,000 to Hawkins, Delafield & Wood for services provided as a result of bond refinancings. The Corporation has been reimbursed for the expenses set forth in this paragraph from either bond proceeds or project developers.

Note 9: Payable to the City of New York

(A) New York City Housing Development Corporation

HPD acts as the regulatory agency for the 1996 Series A Housing Revenue Bond Program mortgages, and as such, receives servicing fees from HDC. At October 31, 1999, the 1996 Series A Housing Revenue Bond Program servicing fees payable to HPD were $28,000.

Under the Section 223(f) Housing Program, the Corporation has a total liability to the City of $10,452,000 as of October 31, 1999 (see note 5).

Also included in this reporting classification are participation loan funds received from the City which are to be advanced to mortgagors and mortgage and investment earnings under the 1997 Series A Multi-Family Housing Revenue Bond Program and the 1995 Series A Multi-Family Housing Revenue Bond Program. Amounts advanced in 1999, included in non-operating expenses, were $13,000 in the 1995 Series A Multi-Family Housing Revenue Bond Program and $39,000 in the 1997 Series A Multi-Family Housing Revenue Bond Program. The total funds payable to the City over the life of the bond programs are $718,000 in the 1995 Series A Multi-Family Housing Revenue Bond Program and $5,137,000 in the 1997 Series A Multi-Family Housing Revenue Bond Program.

The City provided funds for a subordinate mortgage loan to Sheridan Manor which were advanced pursuant to a mortgage held and serviced by the Corporation. The total liability to the City was $18,640,000 on October 31, 1999.

The Corporation under its DSP has initiated an HPD Loan Servicing Program. From 1991 through 1998 HPD transmitted $659,854,000 and for 1999 $157,556,000 to the Corporation for this activity. At October 31, 1999, the Corporation held $120,911,000 in the Corporate Services Fund for the City.

(B) Housing Assistance Corporation

The funds received from the City for HAC, as well as any earnings on the funds (see note 3(B)), are also included in this reporting classification on the Combined Balance Sheet. At October 31, 1999, total resources payable to the City amounted to $76,308,000.

(C) Housing New York Corporation

The Corporation is servicing four loans under the Vacant Cluster Program with funds received from the City. At October 31, 1999, total funds held for the City amounted to $729,000.

Note 10: Retirement System

The Corporation and REMIC are participating employers in the New York City Employee's Retirement System (the "System") of which eight employees of the Corporation and two employees of REMIC are members. The Corporation and REMIC respectively paid $2,538 and $8,569 as their actuarially computed proportionate shares of the System's cost for the period covering the Corporation's fiscal year.

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

Note 11: Due to the United States Government

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

A. Due to HUD

The Corporation has entered into contracts with HUD to administer housing assistance payment contracts with housing projects occupied by tenants qualifying for Section 8 housing assistance payments. Pursuant to the contracts, HUD makes annual contributions to the Corporation in an amount equal to the annual assistance payments plus an administrative fee, if applicable, for the Corporation. The Corporation receives the annual contract contributions periodically during the year and disburses funds monthly for the benefit of the covered projects. As of October 31, 1999, the Corporation held $2,698,000 in prefunded annual contributions. Related fees earned during fiscal year 1999 amounted to $2,150,000 and are included in the Corporate Services Fund.

On August 1, 1993, the Corporation entered into a Financial Adjustment Factor ("FAF") Refunding Agreement covering the 1993 Series A Multi-Family Housing Revenue Bond Program. Under this agreement, the Corporation returns excess Section 8 subsidy funds to HUD. At October 31, 1999, this amount totaled $24,000.

B. Rebate Fund

In order to maintain the exemption from federal income tax of interest on bonds issued subsequent to January 1, 1986, the Corporation established a separate fund, the Rebate Fund, into which amounts required to be rebated to the Federal Government pursuant to Section 148 of the Code are deposited. The Code requires the payment to the United States Treasury of the excess of the amount earned on all non-purpose obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue. Project or construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Issues with respect to which all gross proceeds are expended for the governmental purpose of the issue within the required time period after the date of issue and debt service funds with annual gross earnings of less than $100,000 are exempt from this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. At October 31, 1999, HDC had set aside $1,306,000 in rebatable funds.

Note 12: Commitments

(A) New York City Housing Development Corporation

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

Year Ending October 31	
2000	$ 809,000
2001	1,158,000
2002	1,185,000
2003	1,185,000
2004	1,180,000
Thereafter	13,754,000
Totals	**$19,271,000**

For fiscal year 1999, the Corporation's rental expense amounted to $412,000.

Remaining mortgage commitments and other loan commitments at October 31, 1999 are as follows:

Mortgage Loans:	
Multi-Family Bond Programs:	
Housing Revenue	$139,403,000
80/20	52,856,000
100% Low-Income Tax-Exempt	34,798,000
Total Mortgage Loan Commitments	227,057,000
Other Loans:	
Corporate Services	1,169,000
Total Commitments	**$228,226,000**

(B) New York City Residential Mortgage Insurance Corporation

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

Year Ending October 31	
2000	$ 15,000
2001	20,000
2002	20,000
2003	20,000
2004	25,000
Thereafter	280,000
Totals	**$380,000**

For fiscal year 1999, REMIC's rental expense amounted to $36,000.

As of October 31, 1999, REMIC insured loans with coverage totaling $36,816,000 and had outstanding commitments to insure loans with a maximum insurance coverage of $37,271,000.

Note 13: Contingencies

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

Note 14: Statement of Cash Flows—Supplemental Disclosure

For purposes of the Combined Statement of Cash Flows, the Corporation excludes all investments from cash. Bond interest paid during fiscal year 1999 for the Corporation and HNYC was $107,511,000 and $13,421,000, respectively. The following schedule details the net adjustments to reconcile excess of revenues over expenses after operating transfers to net cash provided by (used in) operating activities for the year ended October 31, 1999, with comparative combined totals for 1998:

	Total HDC	Total HAC	Total HNYC	Total REMIC	Combined Total 1999	Combined Total 1998
(in thousands)						
Amortization of:						
Debt Issuance Costs	$1,294	—	150	—	1,444	1,169
Original Bond Issue Discount and Premium	191	—	523	—	714	665
Net Change in Fair Value	501	1,041	4,680	(190)	6,032	(7,174)
Mortgage Discount and Premium	(174)	—	—	—	(174)	(167)
Deferred Fee and Mortgage Income	(685)	—	—	—	(685)	(386)
Deferred Bond Refunding Costs	1,796	—	2,086	—	3,882	3,665
Depreciation and Amortization	306	—	—	16	322	108
Loss on Disposal of Fixed Assets	12	—	—	—	12	12
Total Adjustments	**$3,241**	**1,041**	**7,439**	**(174)**	**11,547**	**(2,108)**

Included in the caption Disbursements to the City of New York on the Combined Statement of Cash Flows is an amount of $102,980,000 which represents mortgage advances made in accordance with servicing agreements entered into with the City within the Corporation's DSP (see notes 5 and 9).

Note 15: Subsequent Events

Subsequent to October 31, 1999 and in the course of the Corporation's normal business activities the following obligations of the Corporation have been issued:

Description	Date	Amount
(in thousands)		
1999 Series A & B Multi-Family Mortgage Revenue Bond Program—Variable Rate Bonds maturing in 2032	12-17-99	$60,400,000
1999 Series E Multi-Family Housing Revenue Bond Program—4.4% to 6.25% Serial and Term Bonds maturing in varying installments through 2036	01-13-00	$10,715,000
Totals		**$71,115,000**

Other Information

October 31, 1999

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

Schedule 1:

Housing Revenue Bond Program
Schedule of Balance Sheet Information
October 31, 1999 and 1998 (in thousands)

	1999	1998
ASSETS:		
Cash and investments	$247,079	211,756
Mortgage loan receivable	615,378	486,482
Accrued interest receivable	4,971	1,929
Other receivables	18	2
Unamortized issuance cost	4,359	4,029
Interfund receivable (payable)	(13,410)	(6,489)
Other assets	33	24
Total Assets	**$858,428**	**697,733**
LIABILITIES:		
Bonds payable (including deferred bond refunding cost)	588,380	497,120
Discount on bonds payable	(1,024)	(1,211)
Accrued interest payable	15,862	13,606
Payable to New York City	24,522	6,032
Accounts and other payables	2	—
Deferred fee and mortgage income	14,445	9,869
Due to the United States	3,944	3,654
Due to mortgagors	1,678	1,847
Total Liabilities	**$647,809**	**530,917**
FUND BALANCES:		
Restricted	210,619	166,816
Total Fund Balances	**$210,619**	**166,816**
Total Liabilities and Fund Balances	**$858,428**	**697,733**

Housing Revenue Bond Program
Schedule of Revenues and Expenses
Fiscal Years Ended October 31, 1999 and 1998 (in thousands)

	1999	1998
REVENUES:		
Interest on loans	$ 43,501	39,982
Earnings on investments	11,660	9,715
Fees and charges	1,291	1,712
Total Revenues	**$ 56,452**	**51,409**
EXPENSES:		
Interest and amortization	31,555	26,505
Services of New York City	324	335
Trustee and other fees	155	74
Amortization of debt issuance costs	495	392
Non-operating expenses	51	93
Total Expenses	**$ 32,580**	**27,399**
Excess of Revenues Over Expenses Before Operating Transfers to Corporate Services	**$ 23,872**	**24,010**
Operating Transfers	(595)	(939)
Excess of Revenues Over Expenses	**$ 23,277**	**23,071**
Fund Balance at Beginning of Year	**$166,816**	**157,651**
Net fund balance transfers between programs	20,256	(13,906)
Fund Balance at End of Year	**$210,619**	**166,816**

See accompanying independent auditors' report.

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Apts. where school ruled

By PAUL H.B. SHIN

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The New York Times

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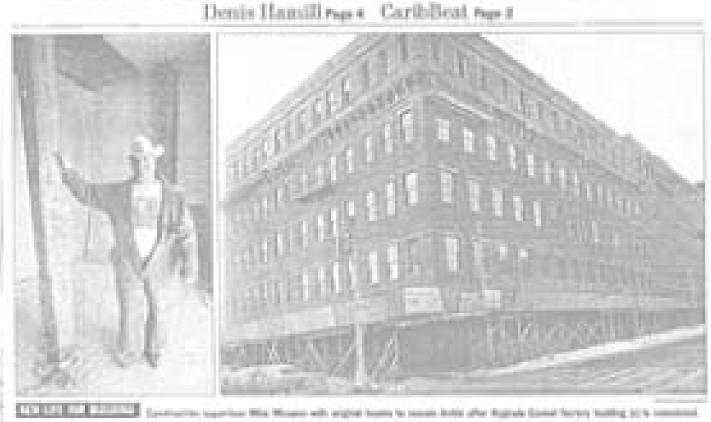
YOUR NEIGHBORHOOD

Denis Hamill Page 4 CaribBeat Page 2



Dying building resurrected

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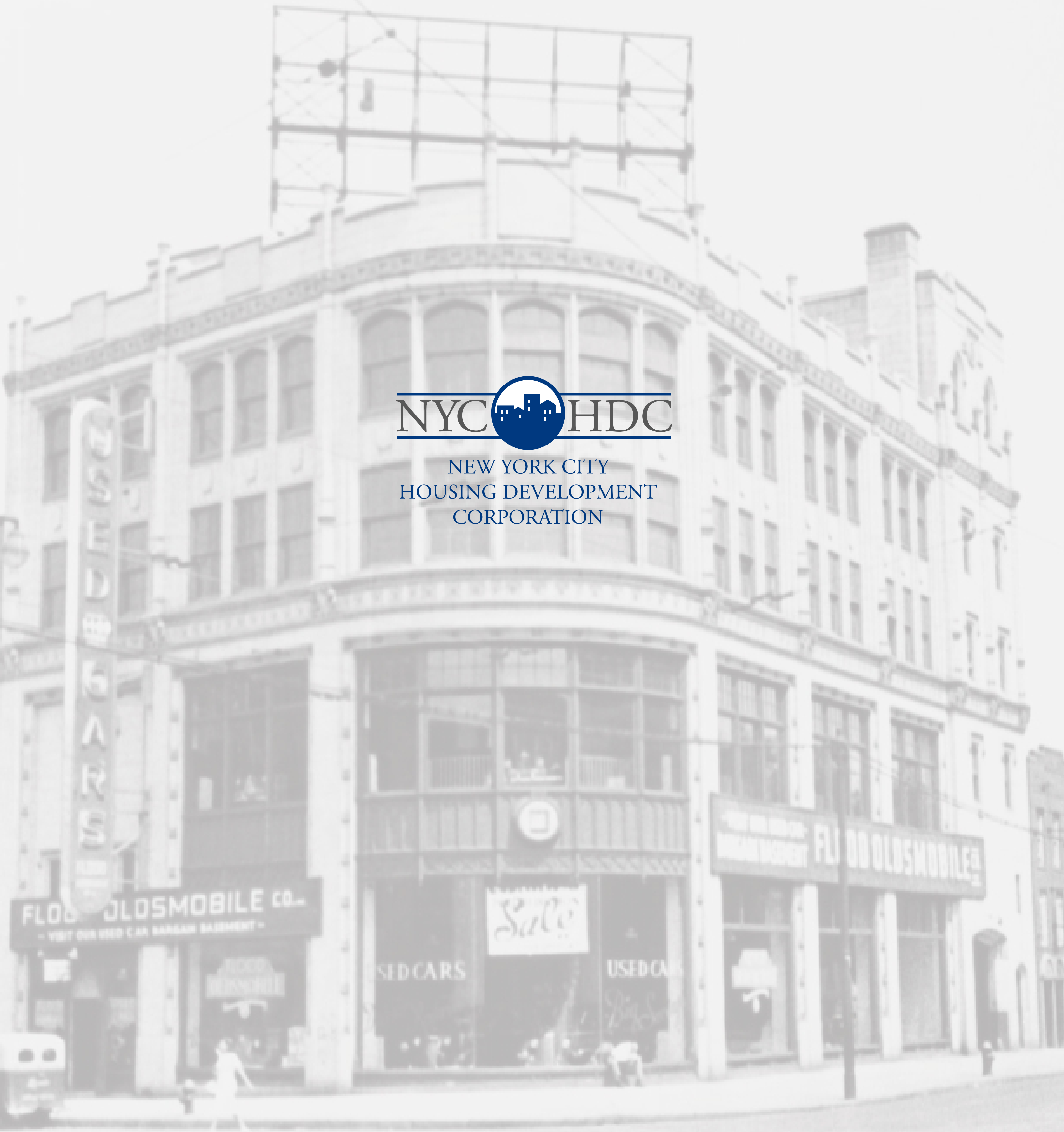

NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

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