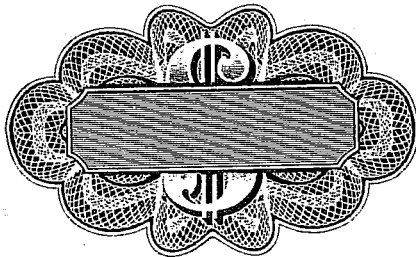


NUMBER

BR2022-

**NEW YORK CITY  
HOUSING  
DEVELOPMENT  
CORPORATION**



**REGISTERED**

**5.60%**

**GENERAL HOUSING BOND,  
SERIES B**

DATED

PRINCIPAL DUE

**NOVEMBER 1, 2022**

INTEREST PAYABLE SEMI-ANNUALLY ON  
**MAY 1 and NOVEMBER 1,  
COMMENCING MAY 1, 1973**

PRINCIPAL AND INTEREST PAYABLE  
AT THE CORPORATE TRUST OFFICE  
OF THE TRUSTEE

**FIRST NATIONAL CITY BANK**  
IN THE BOROUGH OF MANHATTAN  
CITY AND STATE OF NEW YORK

A report to  
Hon. John V. Lindsay, *Mayor*  
Hon. Abraham D. Beame, *Comptroller*  
Hon. David A. Grossman, *Director of Budget*

# *Annual Report 1973*

*November 1, 1972 to October 31, 1973*

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

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The New York City Housing Development Corporation  
110 William Street Suite 3100 New York, New York 10038

## Chairman's Report

The second full operating year of the New York City Housing Development Corporation lived up to the promise of the first. By the end of fiscal 1973, the ratings of HDC's bonds in the financial community had bettered, the second and third series of bonds had been sold at lower interest rates than the first, and three housing developments with 2785 units had been financed in New York City. These bond issues freed approximately \$107 million in City housing funds now financing over 2000 more units in the City's housing program.

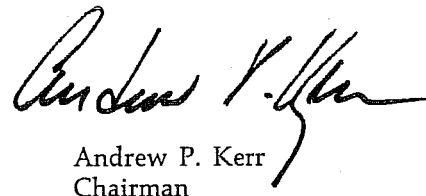
The Corporation's first bond issue, Series A in August 1972, had been rated Baa by Moody's and A by Standard & Poor's. For Series B, Moody's raised its rating from Baa to Baa-1 and Standard & Poor's remained at A. These ratings were maintained for Series C. The Corporation and the City were pleased to see this new evidence of the marketability of the bonds.

Their acceptance has been borne out also by the drop in interest rates that took place between 1972 and 1973. Series A had sold at 6.56 percent. Series B, offered in January 1973, commanded a rate of 5.63 percent. Series C, in its October offering, sold at 5.85 percent, confirming the wisdom of the Corporation's decision to reject an earlier bid of 6.10 percent when the Series had first been offered in June. That decision will ultimately lead to rent savings for 1258 families of approximately \$3 per room per month, or \$7,312,196 in interest charges over the life of the bonds.

The year also saw an expansion of HDC's service to the City. At my request, HDC assisted the Housing and Development Administration in the administrative overhauling of the Mitchell-Lama middle-income housing program. The terms of the construction contract were clarified and requisition procedures streamlined. A new processing manual was developed, and as a result the processing of a typical Mitchell-Lama project will be shortened by many months.

The Corporation also negotiated successfully with the Federal Department of Housing and Urban Development for changes to be made in interest reduction subsidy contracts under Section 236 of the National Housing Act. These changes will benefit not only HDC projects but all other such projects in the City's housing pipeline. They will result in more equitable fee payments to HDC and HDA and in significantly reduced rents for lower-income tenants.

Thus, in 1973 the Housing Development Corporation has taken important steps forward. It has consolidated its accomplishments of last year, gained increased solidity in the financial market, offered two new sound investment opportunities to its bondholders, and advanced the provision of low and middle-income housing for New York City.



Andrew P. Kerr  
Chairman

December 15, 1973

## Members and Executive Staff

The Corporation consists of the Administrator of the Housing and Development Administration of The City of New York (who is designated by the New York City Housing Development Corporation Act as Chairman of the Corporation), the Director of the Budget of The City of New York and the Finance Administrator of The City of New York, serving *ex officio*, and four public members, two appointed by the Mayor and two appointed by the Governor. No fewer than four members may act for the Corporation.



Andrew P. Kerr, *Chairman and Member ex-officio*.

Mr. Kerr is Administrator of the New York City Housing and Development Administration. Formerly First Deputy Director of the Bureau of the Budget of The City of New York, Mr. Kerr is a specialist in the areas of management, budgeting, and public administration.



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

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



David A. Grossman, *Member ex-officio*.

Mr. Grossman is presently the Director of the Budget of The City of New York. He was formerly Deputy Director of the Bureau of the Budget of The City of New York and has had extensive experience as a planner and director of various governmental programs on a federal, state and local level with an emphasis on urban renewal and city planning.



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

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



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

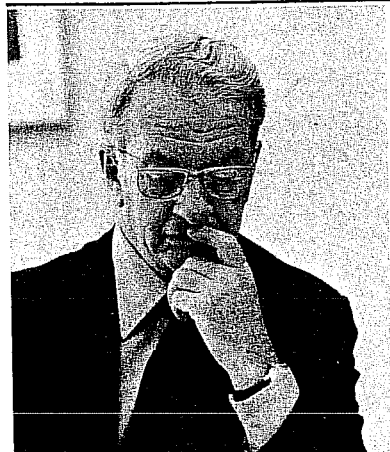
Mr. Jackson is a Vice-President and Director of Urban Affairs of the Bowery Savings Bank of New York. He was formerly Assistant Commissioner of the New York City Department of Buildings and Chief of Design of the New York World's Fair Corporation.



Richard Lewisohn, *Member ex-officio; Vice Chairman November 1, 1972-September 4, 1973.*

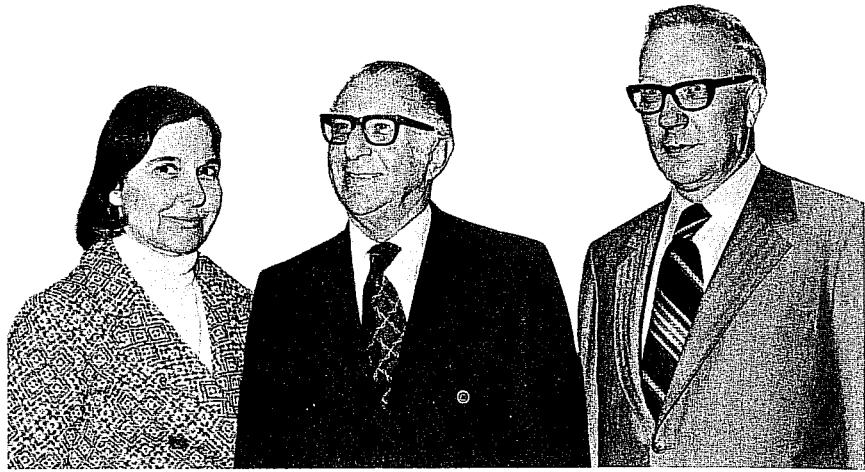
Mr. Lewisohn is presently the Administrator of the Finance Administration of The City of New York. He was formerly Administrator of the Economic Development Administration of The City of New York and President and Chairman of the Board of the Venus Pen and Pencil Corporation.

*Note:* From September 4, 1973 to the end of the fiscal year, Harry S. Tishelman, while serving as Acting Administrator of the Finance Administration of The City of New York, replaced Mr. Lewisohn as Member ex-officio.



J. Lee Rankin, *Member (term expires December 31, 1973).*

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



*Shirley Adelson Siegel, Edward R. Levy, and John L. Warren*

*Edward R. Levy, Executive Director.*

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

*Shirley Adelson Siegel, General Counsel and Secretary.*

Mrs. Siegel, an attorney, has been General Counsel of the New York City Housing and Development Administration and also has had wide experience in private law practice in New York and in California. She is a former Assistant Attorney General of New York State and has taught at the M.I.T. Graduate School of City Planning and the Columbia Law School.

*John L. Warren, Treasurer.*

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

## *HDC Housing Finance Program Need*

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

## *Powers*

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

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

## *Authorization*

The HDC has the option of either financing new projects in the City's housing pipeline or refinancing projects that have already received mortgage loans from the City or from conventional sources. It can initially sell either notes or bonds to finance the projects. However, projects must be permanently financed with bonds within seven years of the initial mortgage closing.

## *Security for bonds*

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

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

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

As the ultimate security, there is the statutorily required Capital Reserve Fund. This Fund is made up of the maximum annual debt service for each issue of the Corporation's bonds and must be funded from the proceeds of each bond issue, if not provided from another source. If, for any reason, this Capital Reserve Fund should fall below its requirement, then the Chairman of the Corporation must certify that fact to the Mayor and Director of the Budget of The City of New York. If the City fails or is unable to restore the Capital Reserve Fund to the minimum requirement, then the Chairman must so certify to the State Comptroller, who must in response pay the Corporation the amount necessary to restore the Fund to its required level. The Comptroller is to make this payment out of the first monies available from the next payment of unallocated per capita

State aid to the City. (The only prior claimant to this money is the City University Construction Fund, and there is every reason to believe that State aid would be more than adequate for both purposes.) Any such payment would be a non-interest bearing loan from the City to the Corporation.

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

*Rent covenant*

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

*HDC bonds as legal investments*

Under the provisions of Section 662 of the New York City Housing Development Corporation Act, HDC bonds are made securities in which all of the following may properly and legally invest funds, including capital in their control or belonging to them: all public officers and bodies of the State of New York and all municipalities and municipal subdivisions; all insurance companies and associations and other persons carrying on an insurance business; all banks, bankers, trust companies, savings banks, and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business; administrators, guardians, executors, other fiduciaries; and all other persons whatsoever who are now, or may hereafter be, authorized to invest in bonds or in other obligations of the State. The bonds are also securities which may be deposited with and may be received by all public officers and bodies of the state and municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

*Tax exemption*

In the opinion of Bond Counsel, the interest on HDC bonds is exempt from (i) Federal income taxes under the existing statute and the ruling issued by the Internal Revenue Service and (ii) New York State and New York City income taxes; however, for any period that any bond is held by a person referred to in Section 103 (c) (7) of the Internal Revenue Code of 1954 (a substantial user of the facilities or a related person), interest on the bonds is not exempt from Federal income taxes.

The projects financed by the Corporation's first bond issue in 1972 moved steadily forward in 1973.

Ocean Park, a moderate-income project on the beach in Far Rockaway, Queens, was complete and fully rented up by September 1972. Section 236 interest reduction subsidy funds have been flowing since shortly after the mortgage was closed, and the project is fully current in its debt service payments. Ocean Park is an unusually attractive project, its two towers set on a plaza deck at the edge of the sea. The six-acre site contains a swimming pool, landscaped sitting areas, and playgrounds, as well as 598 apartments and two commercial buildings.

Washington Plaza Towers, situated a few blocks north of the World Trade Center in Manhattan, will contain 1332 apartments, located in three 39-story towers and 68 townhouse units, and commercial, elementary school, and garage space. The construction of this middle-income project will be a part of a general renaissance of the neighborhood. The project will contain landscaping, play areas, and open courts. Construction is well under way, with completion of the first tower and adjacent townhouses expected in September 1974.

Waterside, a middle-income development extending on a platform out over the East River, will consist on completion of 1100 apartments and 45,000 square feet of commercial space, together with three acres of plazas, terraces, and parkland. There will be three towers of 37 stories each and 20 townhouse units, commanding some of the most spectacular views in New York. The first building was completed in September 1973 and the second at the end of October. The last building and the townhouses are expected to be completed in March 1974.

The first major event of fiscal year 1973 was the offering of Series B of the Corporation's General Housing Bonds, on January 23. The winning bid, by Salomon Brothers and Morgan Guaranty Trust Company of New York and Associates, was at an interest rate of 5.63 percent. This was the first sale at public bidding in New York State of a housing agency revenue bond issue.

Delivery of the bonds in the principal amount of \$51,640,000 took place February 21. The proceeds were used to make a mortgage loan for Linden Plaza, a 1527-unit Mitchell-Lama moderate income project.

Linden Plaza, in Brooklyn, was completed and fully occupied by spring of 1973. It consists of five fireproof high-rise buildings and 32 townhouses, on a 17.2 acre site of which the buildings occupy less than 20 percent. The rest of the area contains play and sitting areas, a swimming and wading pool, and landscaping, including trees and plantings, a fountain, and statuary. In addition, there is space for professional and commercial use, as well as six elementary school classrooms and covered off-street parking. A novel aspect of the project is that much of it is built over the Pitkin Avenue subway yard.

Prior to the mortgage financing by HDC, a Federal Section 236 interest reduction subsidy contract was obtained from the Department of Housing and Urban Development, in a maximum amount of \$2,548,152 per year. Funds are flowing steadily under this contract, and the project is completely up to date in its debt service payments.

The Corporation's third bond offering, Series C, was planned for June 1973, to complete the financing of Linden Plaza and provide initial financing for Ruppert Towers and Yorkville Towers, two middle-income projects located in the Yorkville section of Manhattan's upper East Side.

The Linden Plaza Project  
(completed)





Ruppert Towers occupies a 79,000 square foot plot. Its two connected fireproof tower buildings, 24 stories and 32 stories, will contain 549 dwelling units, as well as 24,000 square feet of commercial space, 12,600 square feet of professional space, community rooms, and 208 indoor parking spaces. In addition, there will be landscaped sitting and play areas. Construction is expected to be complete in July 1974, with full occupancy anticipated by the following October.

Yorkville Towers adjoins Ruppert Towers, on a site of 74,000 square feet. It too will consist mainly of two interconnected towers, 32 and 42 stories high, containing 709 dwelling units, 16,000 square feet of commercial space, 12,600 square feet of professional space, and 21,000 square feet for an indoor pool and health club. There also will be sitting and play areas, community rooms, and 284 indoor parking spaces. Substantial construction has taken place and the project is expected to be complete by January 1975, with full occupancy anticipated for April.

The Series C Bonds, in the amount of \$62,800,000, were first offered on June 20, 1973. The best bid was at 6.10 percent. After careful consideration, in relation to the Corporation's overall debt management policy, of the rentals that would result from this interest rate and of the condition of the bond market, the Members decided to reject the bid and make the offering again when conditions might be more propitious.

In late September, the Corporation received two unsolicited proposals for a negotiated sale of the Series C Bonds. However, the City Comptroller disapproved acceptance on the grounds of a policy favoring public bidding, so the proposals were declined. Thereupon, as the financial publication *The Daily Bond Buyer* later noted, "HDC officials lost no time . . . to take advantage of the improved market conditions and quickly readvertised the sale on October 3 at competitive bidding. Their patience was rewarded when on that day a Chase Manhattan Bank account topped three other bidding interests and won the issue at 5.85%—25 basis points lower in net borrowing rate than the 6.10 bid on the original June offering and a saving of \$7,312,196 in interest charges over the life of the bonds. The Series C bonds were delivered on October 25, 1973.

In the offering and sale of these two issues, as with Series A last year, the Corporation adopted all financial safeguards to ensure that each project was viable, that the program was secure, and that the flow of funds once the issue was sold would be immediate and uninterrupted. A staff evaluation of each project was followed by a reservation of HDC funds. Then, prior to each sale, mortgages for the projects affected were executed, and for Linden Plaza the Section 236 contract was signed at the same time. Thus, when the proceeds of the sale were delivered, it was immediately possible to fund the project mortgage loan accounts and to make the required payment into the Corporation's Capital Reserve Fund (a sum sufficient to bring the Fund to an amount equal to the maximum annual debt service on the outstanding bonds of the Corporation). In addition, billing procedures were quickly instituted with HUD, so that HDC began to receive interest reduction subsidy payments for Linden Plaza promptly after the project was financed.

This speedy processing of the Section 236 payments was one of the fruits of a continuing dialogue throughout the year between the Corporation and the Department of Housing and Urban Development. Another accomplishment resulted from discussions with HUD about the form and content of Section 236 contracts for FHA non-insured projects. Important issues were the length of term of any new mortgages to be subsidized under the contract; the allowance for financing fees and

The Ruppert Towers Project  
(in construction)



charges; and how to handle the payment of local taxes under the "shelter rent" formula when rents increased as a result of rising tenant incomes.

Due in large part to the Corporation's efforts, HUD gave several needed assurances. The Department agreed to permit amortization of the interest reduction payments over a 50-year mortgage term, instead of the 40-year maximum it had proposed. For New York City's lower-income tenants this was an extremely important concession, since it reduced their probable rents by amounts as high as 10 percent.

In the matter of the continuing service fee to be paid to HDC under the contract, HUD had proposed a maximum of  $\frac{1}{2}$  of 1 percent on the declining principal balance. This of course would have meant a fee that would diminish each year. HDC preferred that the fee equal  $\frac{1}{4}$  of 1 percent of the final project mortgage, with the same flat amount being received each year. HUD eventually agreed to this proposal.

Finally, upon HDC's urging, HUD made a more equitable provision regarding the Housing Company's remission to HUD of excess rentals in FHA non-insured Section 236 projects. In these projects, a tenant's rent is governed by a formula relating rent to income. When the rent increases over a base level, the 10% shelter rent local tax liability attached to it rises proportionately. Under the contract proposed by HUD, the total of the excess rent went to HUD, without any compensation to the mortgagor for its increased tax liability. Under the HDC proposal, now accepted by HUD, in effect the tax increase is deducted before payment to HUD of excess rent is made.

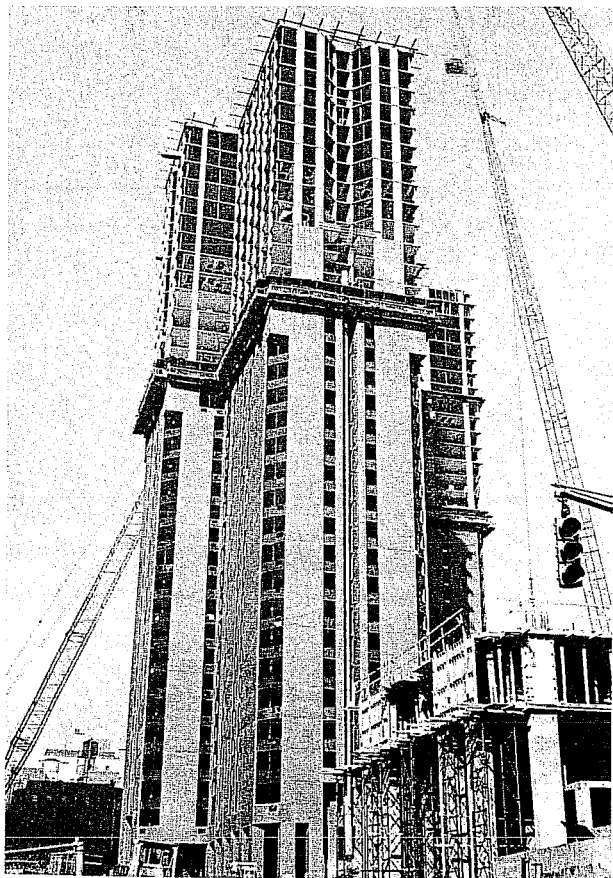
Concurrently with these negotiations, the Executive Director of HDC was discussing with HUD an application by the Corporation for approval as an FHA-insured mortgagee. It was felt that with the additional security furnished by an insured mortgage program HDC would be justified in developing programs both for the rehabilitation of existing housing and for the construction of new units under different concepts and techniques than had been used heretofore.

HDC was approved as an insured mortgagee by the Department of Housing and Urban Development on October 18, 1973. The Corporation immediately started evaluation studies and drafted State legislation desirable for the implementation of the program. These proposals will be submitted at the next session of the State Legislature.

All of these activities over the year were advantageous not only to the Corporation but also to the City of New York. In a continuing effort to improve and expand its services to the City, HDC staff members also undertook research into various legal and financial aspects of the overall housing assistance picture.

Particular attention was given to a study of ways to undertake responsible and appropriate financing of rehabilitation. Under the Act, HDC funds may be used to make rehabilitation mortgage loans, either in accordance with the provisions of Article II of the Private Housing Finance Law, or (in aggregate amounts totaling not more than \$200,000,000) to owners of existing multiple dwellings under Article VII of the same law. In both cases the Act requires that the purpose be "to provide housing to persons and families whose need for safe and sanitary housing is not being met in New York City by unassisted private enterprise." Before rehabilitation financing can be undertaken by the Corporation, considerable research is required to determine where such housing is to be rehabilitated, under which Article it could best be done, how the project's financial viability may be maximized for HDC and its

*The Yorkville Towers Project  
(in construction)*



bondholders, what steps must be taken to preserve the tax-exempt status of HDC's bonds, and what possible combinations of City, Federal, private, and HDC funds should be used. These studies will continue.

A major report for the Chairman and Members of the Corporation was prepared during the year by HDC personnel on Sites 17 and 18 of Manhattan Landing, an offshore portion of the Brooklyn Bridge Southeast Urban Renewal Area. The report was designed to acquaint the Members with the Manhattan Landing housing project and its important relationship to the future development of lower Manhattan, so that they might consider what future role HDC might play.

The study undertaken by HDC was complex, because plans for these sites in Manhattan Landing have gone through several phases and have included various financing alternatives. It finally became apparent that none of these alternatives would result in feasible rent levels. For these levels to be achieved, the original concept of minor financing by HDC and major financing by private institutional sources would have to be reversed so that HDC would play the major role. The scope of the project would accordingly have to be limited to approximately 1600 units in order for HDC to stay within its statutory borrowing capacity for participatory loans.

As a result of the report, the Members authorized HDC staff to participate with the City in the development of a definitive plan and project for the approval of the Members and the Board of Estimate.

The end of the fiscal year finds the Corporation with three successful bond sales behind it and with six housing projects either completed or well along in construction. All mortgage commitments are being met, Section 236 contract money is flowing, and all debt service payments are up to date. There has been no need to call upon the Capital Reserve Fund for bond payments. In spite of an uncertain and fluctuating market, the bonds have commanded favorable interest rates. Finally, ongoing studies are preparing the way for strengthened and broadened service to the City in the year ahead.

*Summary of Financing,  
Fiscal Year 1973*

The proceeds of the Series B and Series C bonds were used to provide mortgage financing for Linden Plaza, Ruppert Towers, and Yorkville Towers, and to add to the Capital Reserve Fund, as follows:

	<i>Mortgage loan commitment</i>	<i>Mortgage loan commitment financed by Series B and C bond proceeds</i>	<i>Percentage of mortgage loan permanently financed</i>
Linden Plaza Housing Co., Inc. ....	\$ 51,418,000	\$ 51,418,000	100%
Ruppert Towers Housing Co., Inc. ....	26,823,900	24,099,849	90%*
Yorkville Towers Housing Co., Inc. ....	<u>35,532,800</u>	<u>31,920,255</u>	90%*
	<u>\$113,774,700</u>	<u>\$107,438,104</u>	
Capital Reserve Fund .....		<u>7,001,896</u>	
Amount of Series B and C Bonds ....		<u>\$114,440,000</u>	

\*approximate

*Report of Independent Accountants*

To the Members of the  
New York City Housing  
Development Corporation

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

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

*Ernst & Ernst*

New York, N.Y.  
December 7, 1973

Statement of Assets and Liabilities

	<u>October 31,</u>	
	<u>1973</u>	<u>1972</u>
<i>Assets</i>		
Mortgage loans—Notes B and C . . . . .	\$170,474,529	\$ 45,371,398
Receivable from mortgagors for:		
Reimbursement of expenses . . . . .		220,048
Accrued interest . . . . .	61,812	
Cash and securities held for designated purposes—Notes B and D:		
Project Mortgage Loan Accounts . . . . .	58,891,843	68,113,709
Capitalized Interest Accounts . . . . .	6,416,138	11,186,943
Capital Reserve Fund—Note E . . . . .	16,269,007	9,193,769
Debt Service Fund . . . . .	522,228	
	<u>82,099,216</u>	<u>88,494,421</u>
Amount transferred to Paying Agents in advance . . . . .	5,951,299	1,432,937
Held for operations:		
Cash . . . . .	170,626	13,934
Securities—Notes B and D . . . . .	2,528,454	800,000
	<u>2,699,080</u>	<u>813,934</u>
Office equipment, less allowance for depreciation of \$7,719 (1973) and \$2,423 (1972) . . . . .	17,974	21,026
	<u>\$261,303,910</u>	<u>\$136,353,764</u>
<i>Liabilities</i>		
General Housing Bonds—Note F . . . . .	\$247,375,000	\$133,000,000
Accrued interest payable . . . . .	6,035,377	1,432,937
Accounts payable and other accrued expenses . . . . .	110,333	225,453
Received in advance from mortgagors:		
Principal and interest . . . . .	769,131	
Fees and charges . . . . .	14,565	
Debt service deposits . . . . .	76,453	
Fund balances:		
Restricted—Note B:		
Capital reserves . . . . .	247,851	88,819
Mortgage loans . . . . .	4,661,091	777,000
	<u>4,908,942</u>	<u>865,819</u>
Available for future expenses . . . . .	2,014,109	829,555
	<u>6,923,051</u>	<u>1,695,374</u>
Commitments—Note H		
	<u>\$261,303,910</u>	<u>\$136,353,764</u>

See notes to financial statements.

Statement of Changes in Restricted Fund Balance

	Year Ended October 31, 1973	Period Ended October 31, 1972*
<i>Revenues</i>		
Interest on mortgage loans—Note B . . . . .	\$10,720,643	\$1,432,8
Fees and charges . . . . .	809,571	1,029,8
Earnings on investments . . . . .	4,755,947	729,5
	<u>16,286,161</u>	<u>3,192,2</u>
<i>Expenses</i>		
Interest on bonds—Note F . . . . .	10,642,378	1,289,6
Transfers to funds available for future expenses . . . . .	1,600,660	1,036,7
	<u>12,243,038</u>	<u>2,326,3</u>
Increase in restricted fund balance . . .	4,043,123	865,8
Restricted fund balance at beginning of year . . . . .	865,819	
Restricted fund balance at end of year	<u>\$ 4,908,942</u>	<u>\$ 865,8</u>

See notes to financial statements.

\*Period from inception of operations (October 8, 1971) to October 31, 1972.

Statement of Administrative Revenues and Expenses and  
Changes in Fund Balance Available for Future Expenses

	Year Ended October 31, 1973	Period Ended October 31, 1972*
<i>Revenues</i>		
Transfers from restricted funds . . . . .	\$1,600,660	\$1,036,7
Earnings on investments . . . . .	135,438	8,6
	<u>1,736,098</u>	<u>1,045,3</u>
<i>Expenses</i>		
Salaries and related expenses . . . . .	368,504	137,18
Rent . . . . .	53,148	44,70
Interest on bank loan . . . . .		11,16
Fees and expenses of the Trustee, Depository and Paying Agent . . . . .	20,048	
Services of New York City Housing and Development Administration . . . . .	69,175	
Other administrative and operating expenses . . . . .	40,669	22,73
	<u>551,544</u>	<u>215,79</u>
Excess of revenues over expenses . . . .	1,184,554	829,55
Fund balance available for future expenses at beginning of year . . . . .	829,555	
Fund balance available for future expenses at end of year . . . . .	<u>\$2,014,109</u>	<u>\$ 829,55</u>

See notes to financial statements.

\*Period from inception of operations (October 8, 1971) to October 31, 1972.

Statement of Sources and Uses of Cash

	Year Ended October 31, 1973	Period Ended October 31, 1972*
<i>Sources:</i>		
Proceeds from sale of bonds:		
Face amount .....	\$114,440,000	\$133,000,000
Less discount charged to mortgagors	1,838,200	3,215,400
	<u>112,601,800</u>	<u>129,784,600</u>
Plus accrued interest to date of delivery .....	1,120,516	143,285
	<u>113,722,316</u>	<u>129,927,885</u>
Proceeds from investments:		
Cost to the Corporation .....	630,781,505	239,619,773
Earnings .....	4,988,086	101,535
Received from mortgagors:		
Interest .....	3,854,075	
Principal .....	346,318	
Fees and charges .....	824,136	1,029,800
Bank loan .....		300,000
Reimbursement of bond sale expenses by mortgagors .....	394,833	
Debt service deposits .....	76,453	
Interest on debt service deposits .....	1,715	
Total Sources .....	<u>754,989,437</u>	<u>370,978,993</u>
<i>Uses:</i>		
Mortgage loans .....	116,037,362	40,723,143
Interest and principal payments on bonds .....	5,792,517	
Amounts transferred to Paying Agents for principal and interest on bonds ..	5,951,299	1,432,936
Purchase of investments .....	625,844,244	328,062,249
Bank loan repayment .....		300,000
Operating expenses .....	441,320	207,967
Bond sale expenses reimbursable from mortgagors .....	394,833	
Purchase of office equipment .....	2,244	23,449
Distribution of interest on debt service deposits to mortgagors .....	1,715	
Total Uses .....	<u>754,465,534</u>	<u>370,749,744</u>
Excess of Sources over Uses .....	523,903	229,249
Cash balance at beginning of year .....	229,249	
Cash balance at end of year .....	<u>\$ 753,152</u>	<u>\$ 229,249</u>
Cash balance at October 31, 1973 was:		
Held for designated purposes .....	\$ 582,526	
Held for operations .....	170,626	
	<u>\$ 753,152</u>	

See notes to financial statements.

\*The period from inception of operations (October 8, 1971) to October 31, 1972.

1972 amounts have been restated to conform to 1973 presentation.

New York City  
Housing Development Corporation

Notes to Financial Statements October 31, 1973

Note A — Organization

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

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

Note B — Significant Accounting Policies

*Mortgage Loans*

Bond interest expense incurred (\$7,439,304—1973) prior to the commencement of receipt of the initial mortgage loan amortization payment is added to mortgage loans, as are discounts (\$1,838,200—1973) from face amount of bonds sold.

*Restricted Fund Balances*

Capital reserves: It is the policy of the Corporation to increase the interest charged on mortgage loans to an amount in excess of interest on related bonds to generate sufficient revenues to amortize the bond principal which was used to establish the Capital Reserve Fund. At October 31, 1973 this excess amounted to \$78,264. The fund balance also includes interest earned in the Capital Reserve Fund, which will be transferred to funds available for operations or other corporate purposes to the extent not required to maintain the Capital Reserve Fund requirement.

Mortgage loans: This account results from interest earned on related securities.

*Securities*

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

Note C — Mortgage Loans

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

See Table C for details of mortgage loans and commitments.

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

At October 31, 1973, cash and securities held for designated purposes and operations (including accrued interest of \$539,930 on securities) consisted of the following:

	Cash	Certificates of Deposit	United States Government Securities	Bank Repurchase Agreements	Total
Held for Designated Purposes:					
Project Mortgage Loan Accounts ..	\$ 21,277	\$18,488,387	\$ 6,302,677	\$34,079,502	\$58,891,8
Capitalized Interest Accounts ..	10,953		6,405,185		6,416,1
Capital Reserve Fund .....	28,068		12,340,019	3,900,920	16,269,0
Debt Service Fund .....	522,228				522,2
	<u>\$582,526</u>	<u>\$18,488,387</u>	<u>\$25,047,881</u>	<u>\$37,980,422</u>	<u>\$82,099,2</u>
Held for Operations	<u>\$170,626</u>		<u>\$ 1,078,298</u>	<u>\$ 1,450,156</u>	<u>\$ 2,699,0</u>

Note E — Capital Reserve Fund

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

Note F — General Housing Bonds

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

The Bonds are general obligations of the Corporation. Substantially all of the assets of the Corporation are pledged as collateral for the payment of principal and interest on its bonds. The bonds and other obligations



New York City  
Housing Development Corporation

Notes to Financial Statements (continued)

the Corporation are not debts of either the State of New York or The City of New York and neither the State nor the City is liable thereon.

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

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

Note G—Consultants' Fees

Fees to Roosevelt & Son, Incorporated and to Clark, Dodge & Co., Incorporated, as successor, for financial consulting services amounted to \$51,640 and \$55,580, respectively for the year ended October 31, 1973. Such fees were reimbursed to the Corporation by the applicable mortgagors.

Note H—Commitments

The Corporation was committed as of October 31, 1973, for mortgage loans of \$86,576,016 for projects to be financed by its General Housing Bonds. See Table C for details of mortgage loans and commitments.

The Corporation has indicated an intent to commit \$52,306,600 for various projects.

The Corporation is committed for an annual office rental of \$49,000, plus escalation, through April 29, 1976.

Table A—Bond Indebtedness

	Original Face Amount	Balance November 1, 1972	Issued	Retired	Balance October 31, 1973
3.75% to 6.50%—General Housing Bonds, 1972 Series A, maturing in varying annual installments on May 1 to 2022.....	\$133,000,000	\$133,000,000		\$65,000	\$132,935,000
3.50% to 7.00%—General Housing Bonds, 1972 Series B, maturing in varying annual installments on November 1 to 2022.....	51,640,000		\$ 51,640,000		51,640,000
5.70% to 7.00%—General Housing Bonds, 1973 Series C, maturing in varying annual installments on May 1 to 2023.....	62,800,000		62,800,000		62,800,000
	<u>\$247,440,000</u>	<u>\$133,000,000</u>	<u>\$114,440,000</u>	<u>\$65,000</u>	<u>\$247,375,000</u>

Table B—Debt Service Requirements

	Amortization of Principal	Interest Expense	Total Debt Service Requirements
Year Ending October 31:			
1974.....	\$ 305,000	\$ 13,612,242	\$ 13,917,242
1975.....	315,000	15,145,345	15,460,345
1976.....	960,000	15,131,414	16,091,414
1977.....	1,020,000	15,079,420	16,099,420
1978.....	1,070,000	15,022,531	16,092,531
Five Years Ending October 31:			
1983.....	6,370,000	74,091,330	80,461,330
1988.....	8,580,000	71,878,411	80,458,411
1993.....	11,680,000	68,742,048	80,422,048
1998.....	15,820,000	64,572,685	80,392,685
2003.....	21,260,000	59,092,478	80,352,478
2008.....	28,615,000	51,684,320	80,299,320
2013.....	38,555,000	41,701,462	80,256,462
2018.....	51,940,000	28,250,990	80,190,990
2023.....	60,885,000	10,111,075	70,996,075
	<u>\$247,375,000</u>	<u>\$544,115,751</u>	<u>\$791,490,751</u>

Table C—Mortgage Loans and Commitments

	Mortgage Loans	Mortgage Loan Commitments		
		To be Distributed from Previous Debt Offerings	To be Funded by Future Debt Offerings	Total Commitment
Washington Plaza Towers, Inc. ....	\$ 34,383,332	\$19,037,718	\$10,223,630	\$29,261,348
Waterside Housing Company, Inc. ....	43,547,485	8,660,615	9,368,900	18,029,515
Linden Plaza Housing Co., Inc. ..	47,675,129	3,575,721		3,575,721
Yorkville Towers Housing Co., Inc. ..	12,364,584	19,555,671	3,612,545	23,168,216
Ruppert Towers Housing Co., Inc. ..	14,743,244	9,356,605	2,724,051	12,080,656
Ocean Park Housing Co., Inc. ..	17,760,755	460,560		460,560
	<u>\$170,474,529</u>	<u>\$60,646,890</u>	<u>\$25,929,126</u>	<u>\$86,576,016</u>