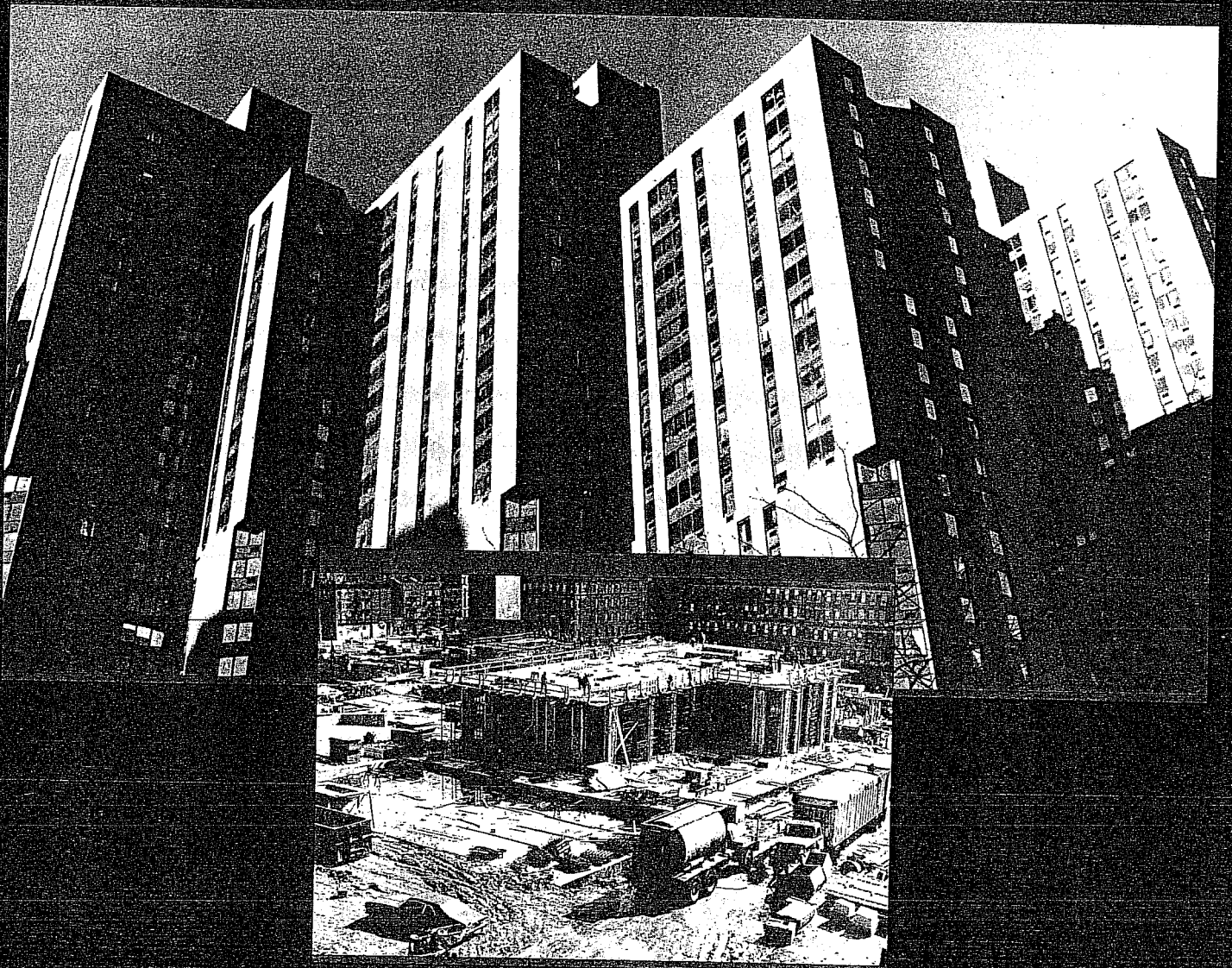


C O R P O R A T I O N

Housing Development Corporation

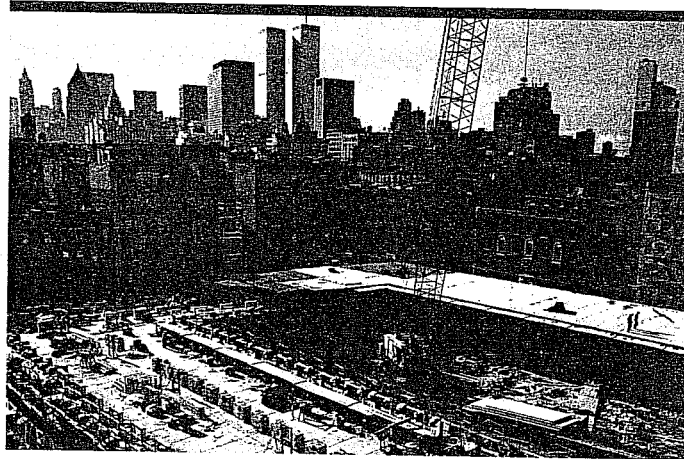


ANNUAL
1983
REPORT

The 1983 ANNUAL REPORT to:

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

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



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For the second consecutive year, in fiscal year 1983, the Corporation was the leading issuer of tax-exempt debt to finance the construction of low-income multi-family housing in the nation.

This record was achieved on the strength of the largest single multi-family housing bond issue of the year (\$138.6 million), as well as the largest total amount of such debt issues over the course of the year (more than \$217 million), compared to all other state housing finance agencies with multi-family programs. These issues provided construction and permanent financing for almost 3,000 units of Section 8-subsidized, FHA-insured housing for low-income persons and families.

In addition, the Corporation's year-long effort to structure a public housing "turnkey" construction loan program on a loan-to-lender basis reached fruition with a successful \$125 million note sale in November 1983. The proceeds of that issue are expected to finance the construction of approximately 2200 units of new public housing to be purchased after construction by the New York City Housing Authority.

The scope and timing of the Corporation's 1983 financing program were of critical importance in view of what has emerged as the wholesale retreat of the federal government from its historic commitment to the production of low- and moderate-income housing. In the face of drastic federal budget reductions, a tightened regulatory climate and a highly volatile bond market, it appeared in early 1983 that well over 3,000 units of Section 8 housing in the City for which federal funds had already been reserved might be "recaptured" if they were not able to secure financing commitments and all necessary governmental approvals by the end of the federal fiscal year (September 30).

Accordingly, the Corporation joined with officials from the federal Department of Housing and Urban

Development (HUD), the City's Department of Housing Preservation and Development (HPD) and the development community to initiate an ambitious "save the pipeline" strategy. As a result of an extraordinary effort among all parties, the Corporation expeditiously developed and implemented a program encompassing two bond issues, \$138,600,000 in April and \$79,140,000 in September, to finance virtually the entire FHA-insured, Section 8 pipeline in New York City.



ANTHONY GLIEDMAN



MICHAEL C. SMITH

Throughout this period, the Corporation's staff simultaneously was engaged in efforts to develop and implement a public housing "turnkey" construction loan program utilizing new legislative authority enacted in 1982 to undertake "loan-to-lender". Under this program, the Corporation is authorized to issue notes and lend the proceeds to a bank or other lending institution, which in turn relends directly to the developer at a fixed, below-market rate and absorbs all risk of default or delay. Upon completion, the New York City Housing Authority purchases the projects for public housing developments.

The negotiations to develop an acceptable and workable program were exceedingly complex and time-consuming, in part because they involved parties which

had not previously worked together on this kind of endeavor—the Corporation, the Housing Authority, major commercial banks and the developers—and in part because both the credit markets and the applicable federal regulations (I.R.S. code interpretations and HUD's public housing regulations) were in a state of continual flux. Nevertheless, by the end of the Corporation's 1983 fiscal year, a viable program structure had been devised to meet the needs of all the involved parties, making possible a \$125 million note sale in November 1983.

The successful implementation of this program at this time was of particular importance given the growing likelihood that, much like the Section 8 pipeline before it, the Housing Authority's turnkey pipeline would be the next target for "recapture" by federal budget cutters.

The year ahead poses serious obstacles to those who share the Corporation's commitment to the provision of decent housing for those of limited means. The elimination of federal Section 8 subsidies for new construction and substantial rehabilitation and the threatened recapture of unused public housing allocations will make it exceedingly difficult for the Corporation to duplicate its volume record of the past two years (a total of approximately \$600 million in bonds and notes issued to finance the construction of more than 9,000 low-income units).

The 1984 fiscal year will thus be a year of testing, experimentation and innovation in the effort to devise effective means to provide low- and moderate-income housing without substantial infusions of federal subsidy. Areas of focus will include:

- assessing the viability of financing 20 percent low-income, 80 percent market rate projects without external subsidy,

- developing a program for in-occupancy moderate rehabilitation of projects utilizing the Corporation's bond proceeds and the City's Participation Loan Program funds, and
- developing a strategy for the most highly leveraged use of \$100 million or more which is expected to be made available by the City from surplus earnings and debt service savings generated by the Municipal Assistance Corporation (MAC), in a new program for the construction of middle-income rental housing.

If we have a national goal of providing adequate shelter for all our citizens, it cannot possibly be achieved without a substantial infusion of federal funding. Despite the current absence of that national support, this Corporation remains committed to the creative and aggressive use of every remaining tool to preserve our existing, irreplaceable housing inventory and to create new housing for present and future New Yorkers.



ANTHONY GLIEDMAN, *Chairman*



MICHAEL C. SMITH, *President*

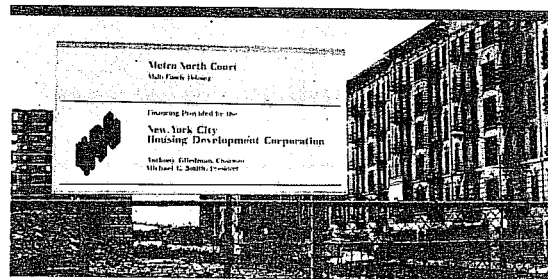
March 15, 1984

SECTION 8 HOUSING PROGRAM TARGET FOR 1983: \$200,000,000

As the Corporation's 1983 fiscal year commenced, the City of New York was faced with a federal edict: construction must commence by the end of the federal fiscal year (September 30) on 3,000 units remaining in its Section 8 pipeline. Otherwise, funds allocated to the program would be rescinded. The Corporation's staff undertook to design a financing program through which over \$200,000,000 in mortgage funds could be set aside to finance these 3,000 units, which were vital components of the City's housing development and neighborhood preservation plan. The strategy was twofold: first, the sponsors of the remaining pipeline projects were required to accelerate development processing and adhere to a precise timetable designed by the Corporation in conjunction with HPD and HUD. Second, HDC obtained an agreement with HUD that Section 8 funding would be preserved for those projects diligently pursuing construction and for which HDC had issued bonds and binding mortgage commitments.

THE FIRST \$138,600,000

Beginning in November 1982, working closely with its underwriters, HDC set out to devise a viable bond offering. Given the state of the financial markets and the prevailing interest rates at that time, however, developers were advised that they would be required to make a substantial contribution in the form of letters of credit and other financing fees. Unfortunately, many developers indicated they were unable to accept the financial burdens inherent in the financing as initially structured. As a result, when the Corporation issued its preliminary official statement in April of 1983, the program involved only five projects (approximately 700 units) and a \$46,000,000 bond issue.



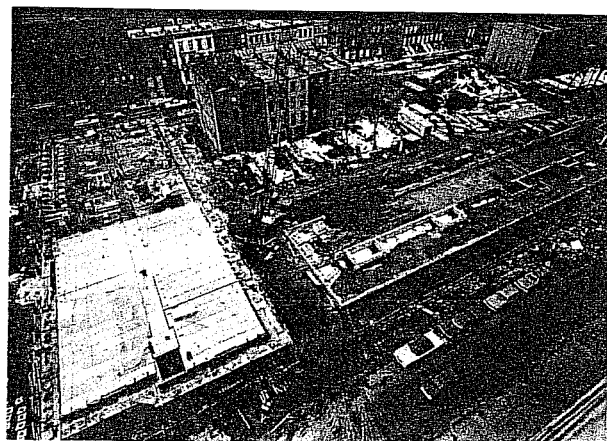
Construction goes forward on 2,616 units of the Section 8 projects financed by HDC in the past two years; 2,175 units have already been completed under this program.

Shortly after the issuance of the preliminary official statement, the bond markets improved substantially in a dramatic shift so characteristic during the past three years. The Corporation was able to respond swiftly, restructuring its program to reduce interest rates and to reduce finance charges and discount points. The size of the offering tripled (to \$138.6 million) to include a total of thirteen projects (almost 2000 units). This 1983 Series A bond issue was enthusiastically received by the investing public, a response which produced a lower bond rate than the market demanded of similarly rated securi-

ties offered for sale during the same period. The Corporation was thus able to offer long-term fixed rate mortgages at 9.7%—its lowest permanent mortgage rate since 1979.

THE NEXT \$79,140,000

As the threat of federal recapture of unfinanced units continued to grow, the Corporation's staff turned its focus to the fourteen projects (over 1,000 units) which had not progressed sufficiently through HUD processing to be accepted into the Series A financing. With the steadfast assistance of the HUD Regional office, processing of these projects was expedited and HDC entered the bond market in September, 1983, with a \$79,140,000 issue. This 1983 Series B bond issue financed the last group of Section 8 assisted new construction and substantial rehabilitation projects. The structure of this financing permitted the elimination of all non-mortgageable financing fees and produced long-term fixed rate mortgages at 10.36%. The funding for the City's Section 8 pipeline remained in place and 3,000 additional units of safe, sanitary and affordable housing for low-income families would become a reality. (A complete list of the developments financed by the 1983 Series A and B issues is provided on pages 9 and 10.)



Construction progresses on Ennis Francis Houses, which will house 230 low-income families in the Harlem-East Harlem Urban Renewal Area.

TURNKEY/LOAN-TO-LENDER PROGRAM

As its 1983 fiscal year drew to a close, the Corporation culminated more than a year of intensive development activity in conjunction with the New York City Housing Authority, which resulted in the implementation of a new financing endeavor—the Turnkey/Loan-to-Lender Program. In November of 1983, HDC sold \$125,000,000 of "Loan-to-Lender Construction Loan Revenue Notes". This initial note issue provided sufficient construction funding for fourteen new construction and substantial rehabilitation projects, which will be sold to the Housing Authority upon completion. (A complete list of the developments financed under this program is provided on page 12.)

THE CORPORATION'S PROGRAMS:

GENERAL HOUSING PROGRAM		
<u>MORTGAGE COMMITMENTS</u>	<u>PROJECTS</u>	<u>UNITS</u>
\$305,571,373	8	8,036

SECTION 223(G) HOUSING PROGRAM		
<u>MORTGAGE COMMITMENTS</u>	<u>PROJECTS</u>	<u>UNITS</u>
\$486,362,810	81	28,037

SECTION 8 HOUSING PROGRAM		
<u>MORTGAGE COMMITMENTS</u>	<u>PROJECTS</u>	<u>UNITS</u>
\$383,811,800	62	6,788

CONSTRUCTION LOAN PROGRAM		
<u>MORTGAGE COMMITMENTS</u>	<u>PROJECTS</u>	<u>UNITS</u>
\$163,907,600	30	3,065

TURNKEY/LOAN-TO-LENDER PROGRAM		
<u>MORTGAGE COMMITMENTS</u>	<u>PROJECTS</u>	<u>UNITS</u>
\$111,414,646	14	2,208

GRAND TOTALS

<u>MORTGAGE COMMITMENTS</u>	<u>PROJECTS</u>	<u>UNITS</u>
\$1,451,068,229	195	48,134

GENERAL HOUSING PROGRAM

Between 1972 and 1976 the Corporation issued \$286,265,000 in General Housing Bonds and \$43,000,000 in General Housing Notes to provide construction and permanent financing for the eight projects listed below. In December of 1981, General Housing Notes Series XII were refunded with the proceeds of \$35,745,000 in Multi-family Variable Rate Bonds. The Corporation was able to refund this variable rate issue in November of 1982 with a fixed rate issue of \$35,215,000 Multi-family Housing Bonds.

Total Mortgages Funded . \$305,571,373
 Projects Financed 8 multi-family
 rental projects
 Units Financed 8,036

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

*Section 236 subsidized projects

†Originally two projects, known as Yorkville Towers and Ruppert Towers

NC = New Construction

R = Rehabilitation



Ocean Park, an oceanfront moderate-income development located in Far Rockaway, Queens, is subsidized with Section 236 interest reduction subsidy funds.

Between 1977 and 1980 the Corporation issued \$379,884,800 in Multi-family Housing Limited Obligation Bonds in 73 separate series and \$108,975,000 in Multi-unit Mortgage Bonds (1980 Series A). The proceeds of these bonds were used to re-finance Mitchell-Lama mortgage loans payable to the City of New York on the 81 projects listed below.

PROJECT	UNITS	ORIGINAL MORTGAGE LOAN
<i>Bronx</i>		
Albert Einstein Staff Housing	634 R	\$ 8,779,982
Allerville Arms	212 R	2,251,100
Boulevard Towers I	329 R	3,299,300
Boulevard Towers II*	356 R	6,762,925
Bruckner Towers	208 R	2,656,500
Candia House	103 R	1,405,093
Carol Gardens	314 R	3,330,000
Delos House	124 R	1,555,431
Fordham Towers	168 R	1,296,100
Janel Towers*	229 R	3,914,254
Keith Plaza*	301 R	6,816,400
Kelly Towers*	301 R	4,526,500
Kingsbridge Apartments*	90 R	1,997,998
Kingsbridge Arms	105 C	769,700
Montefiore Hospital Housing Section II	398 R	7,662,400
Noble Mansion	236 R	2,618,800
Robert Fulton Terrace	320 R	2,357,900
Scott Towers	351 C	2,748,700
Stevenson Commons*	947 R	25,000,000
University River View*	225 R	5,797,364
Woodstock Terrace	319 C	2,213,400
<i>Brooklyn</i>		
Atlantic Plaza Towers	716 R	5,375,400
Atlantic Terminal 2C*	200 C	4,666,776
Atlantic Terminal 4A*	304 C	6,933,501
Brighton House	191 C	1,477,000
Cadman Plaza North	250 C	2,081,300
Cadman Towers	421 C	9,487,100
Contello III	160 C	1,277,900
Crown Gardens*	238 C	5,882,600
Essex Terrace*	104 R	1,749,130
Middagh Street Studio Apts.	43 R	1,008,800
Prospect Towers	153 R	2,193,800
Tivoli Towers*	302 R	8,098,200
<i>Manhattan</i>		
Beekman Staff Residence	90 R	1,226,300
Bethune Towers	133 R	1,518,400
Clinton Towers*	396 R	10,288,191
Columbus House	248 R	3,502,500
Columbus Manor*	202 R	2,500,000
Columbus Park	162 C	1,467,900

Total Mortgages Funded . . \$486,362,810
 Projects Financed 81 multi-family rental and cooperative projects
 Units Financed 28,037

Confucius Plaza*	760 C	23,266,433
Cooper-Gramercy	167 R	4,764,408
Corlear Gardens	117 C	972,100
East Midtown Plaza	746 C	17,157,400
Esplanade Gardens	1870 C	14,437,500
Glenn Gardens*	266 R	8,196,000
Goddard Towers	193 C	2,381,600
Goodwill Terrace*	207 R	3,596,881
Gouveneur Gardens	778 C	5,993,600
Heywood Towers*	188 R	5,396,763
Hudsonview Terrace*	395 R	11,546,500
Jefferson Towers	189 C	1,619,000
Lands End I*	250 R	7,206,404
Leader House*	279 R	6,267,800
Lincoln-Amsterdam*	186 C	6,028,500
New Amsterdam House*	228 R	6,459,700
1199 Plaza*	1586 C	39,708,979
Polyclinic Apartments	139 R	1,323,100
Riverbend	622 C	8,267,900
Riverside Park Community*	1190 R	26,021,800
RNA House	207 C	1,841,600
Rosalie Manning Apts.	108 C	903,100
Ruppert House*	652 C	16,778,000
St. Martin's Tower	179 C	2,865,500
Strycker's Bay	233 C	1,792,700
Tower West*	216 R	3,985,859
Town House West*	47 R	1,100,000
Tri-Faith House	147 C	1,494,800
Trinity House	199 R	2,540,500
Washington Sq. Southeast	174 C	1,905,200
West Side Manor	245 R	3,147,200
Westview Apartments	137 R	1,656,000
West Village	420 R	12,034,500
Westwood House*	124 R	1,498,878
<i>Queens</i>		
Bay Towers*	374 R	5,475,544
Bridgeview III	170 R	1,950,907
Court Plaza	246 R	5,368,893
Dayton Towers	1752 C	14,871,800
Forest Park Crescent	240 C	1,756,976
Seaview Towers*	461 R	13,264,700
Sky View Towers	232 R	3,910,900
<i>Staten Island</i>		
North Shore Plaza*	535 R	17,112,240
TOTALS	28,037	\$486,362,810

R = Rental
 C = Cooperative

*Section 236 subsidized projects

SECTION 8 HOUSING PROGRAM

Between 1979 and 1983 the Corporation issued \$441,135,000 Multi-family Mortgage Revenue Bonds which comprised 1979 Series A (\$49,620,000), 1982 Series A (\$173,775,000), 1983 Series A (\$138,600,000) and 1983 Series B (\$79,140,000) to provide construction and permanent financing for the FHA-insured Section 8-subsidized projects listed below.

1979 SERIES A PROJECTS

PROJECT	UNITS	ORIGINAL MORTGAGE LOAN
<i>Bronx</i>		
Academy Gardens	471 R	\$ 18,120,300
Miramar Court	90 R/NC	4,328,100
2402, 2412, 2416 Crotona Ave.	74 R	3,222,800
<i>Brooklyn</i>		
President Arms Apts.	32 R	1,326,500
Prospect Arms Apts.	91 R	3,505,700
1650 President St.	48 R	2,411,200
<i>Manhattan</i>		
Lenoxville	118 R	5,584,700
Lower East Side Phase II	100 R	5,665,000
TOTALS	1024	\$ 44,164,300

1982 SERIES A PROJECTS

PROJECT	UNITS	ORIGINAL MORTGAGE LOAN
<i>Bronx</i>		
Alexander A. Corprew	78 R	\$ 4,380,500
Faille Street Rehab. Aldus I	95 R	5,240,600
Fairmont Place Apartments	28 R	1,585,600
Hunts Point I	125 R	7,769,000
Macombs Village	172 R	10,075,600
Mid-Bronx Development II	159 R	8,833,500
Mid-Bronx Development III	75 R	4,215,000
Sebco IV	71 R	4,077,600
Southern Blvd. IV	89 R	4,999,200
Woodycrest Courts Apts.	115 R	6,531,800
<i>Brooklyn</i>		
Ambassador Terrace	66 R	3,176,900
1596 Development	17 R	843,700
1451 Development	34 R	1,830,400
Penn Gardens I	90 R	4,124,300
Pulaski Manor	65 R	3,319,400
Rose Gardens	135 NC	6,855,300
Sallie Mathis Gardens	162 NC	10,788,900
Sunset Park NSA I	187 NC	9,582,900
Sutter Gardens	258 NC	13,800,500
Tri-Block	96 NC	4,813,100

Total Mortgages Funded . . \$383,811,800
 Projects Financed 62 multi-family rental projects
 Units Financed 6,788

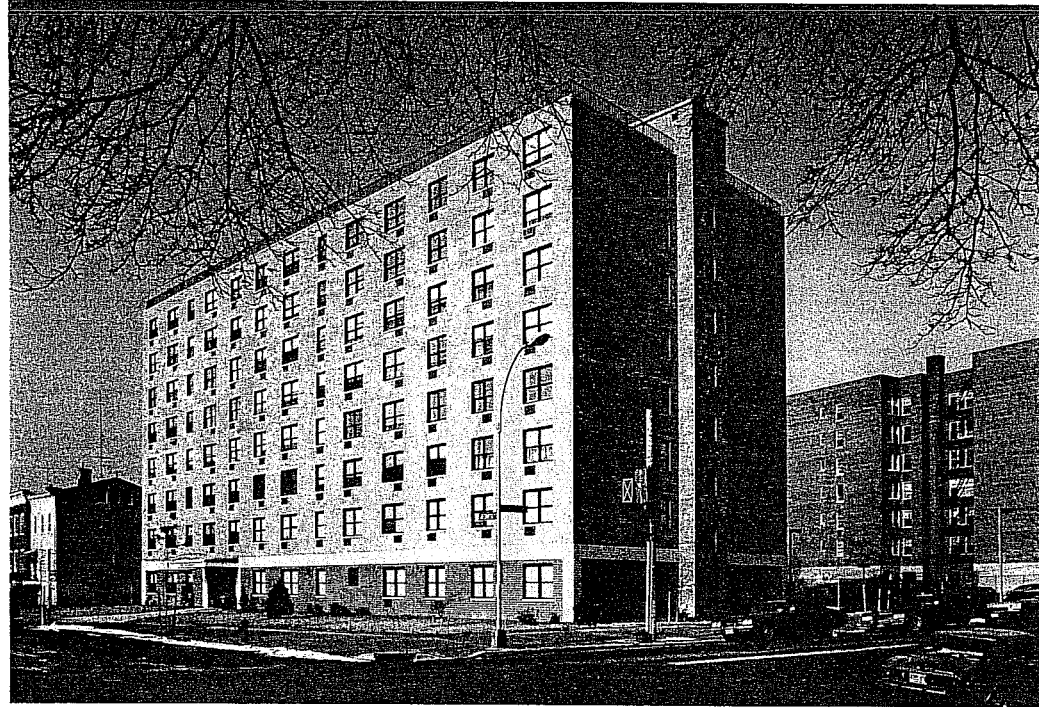


1650 President Street, one of the first Section 8 projects financed by the Corporation in 1979, is fully occupied and is part of the ongoing revitalization of the Crown Heights Neighborhood Preservation Area.

<i>Manhattan</i>		
Malcolm X-II Phase A	91 R	4,938,600
McKenna Square Houses	104 R	5,817,300
Mother Zion-McMurray	76 NC	4,631,200
Paul Robeson Houses	81 R	4,533,100
Pueblo Nuevo	172 NC	9,940,300
Renaissance Courts	49 R	2,568,400
<i>Staten Island</i>		
Richmond Gardens	141 R	7,357,000
TOTALS	2831	\$156,629,700

1983 SERIES A PROJECTS

PROJECT	UNITS	ORIGINAL MORTGAGE LOAN
<i>Bronx</i>		
Brookhaven I	95 R	5,694,000
Lewis Morris Apartments	271 R (Mod.)	7,550,000
Thessalonica Court	192 NC	13,978,400
Villa Alejandrina	71 R	4,112,500
Woodycrest Court II	58 R	3,250,800
<i>Brooklyn</i>		
Boro Park Courts	131 R	8,000,000
Fulton Park Sites 7 & 8	209 NC	14,135,800
La Cabana	167 NC	9,750,000
<i>Manhattan</i>		
Caparra La Nueva	84 NC	6,000,000



Rose Gardens, a 135-unit project located in Brooklyn, is designed exclusively for occupancy by the elderly.

Cooper Square	146 NC	10,449,000
Ennis Francis Houses	230 NC	16,560,200
Hamilton Heights Terrace	132 NC	8,360,000
Lexington Gardens	108 NC	7,879,000
TOTALS	1894	\$115,719,700

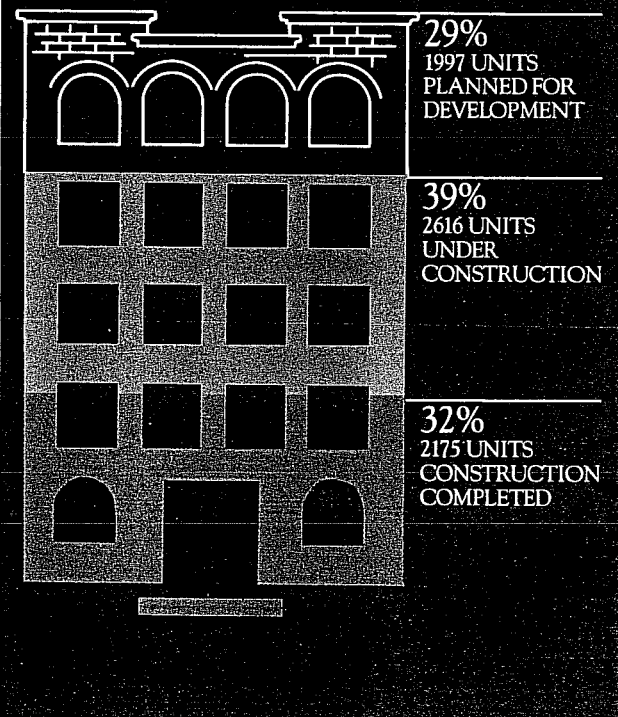
1983 SERIES B PROJECTS

PROJECT	UNITS	ORIGINAL MORTGAGE LOAN
<i>Bronx</i>		
Clinton Arms	86 R	\$ 4,962,700
Felisa Rincon de Gautier Houses	109 NC	7,500,000
McGee Hill	59 R	3,515,000
McKinley Manor	60 R	3,738,100
Rainbow Plaza	127 NC	8,500,000
<i>Sebco/Banana Kelly Restoration</i>		
Target V Phase I	65 R	4,500,000
Washington Plaza	83 R	5,000,000
<i>Brooklyn</i>		
Crown Heights Development 1	75 R	4,954,000
Crown Heights Development 2	36 R	2,000,000
Crown Heights Development 2	32 R	1,725,000
<i>Manhattan</i>		
Charles Hill Towers	101 NC	7,340,000
Metro North Court	91 NC	6,063,300
Revive 103	60 R	4,000,000
Will'A View Apts.	55 R	3,500,000
TOTALS	1,039	\$ 67,298,100

NC = New Construction
R = Substantial Rehabilitation

SECTION 8 HOUSING PROGRAM

Distribution by Project Progress
(As of 10/31/83)



CONSTRUCTION LOAN NOTE PROGRAM

In 1981 and 1982 the Corporation issued Construction Loan Notes 1981 Issue A (\$75,775,000), 1981 Issue B (\$47,000,000) and 1982 Issue 1 (\$68,150,000) to provide construction financing for the FHA-insured Section 8-subsidized projects listed below. Permanent financing is provided upon completion by the Government National Mortgage Association.

Total Mortgages Funded . \$163,907,600
 Projects Financed 30 multi-family rental projects
 Units Financed 3,065

1981 ISSUE A PROJECTS

PROJECT	UNITS	MORTGAGE LOAN
<i>Bronx</i>		
*Jerome Terrace Apartments	79 R	\$ 3,875,400
*Kingsbridge-Decatur I	80 R	4,290,300
*Morrisania IV	211 R	10,932,900
*Pueblo de Mayaguez Section I	76 R	4,103,700
<i>Brooklyn</i>		
*80-86 Houses	97 NC	5,153,600
*Norgate Plaza	214 R	10,608,500
<i>Manhattan</i>		
**IMPAC Houses	120 NC	6,808,400
*L.I.R.A.	152 NC	9,475,200
**Nueva Era Apartments	34 R	1,761,400
**St. Nicholas Manor Apartments	112 R	5,680,400
**Valley Apartments a.k.a. Roberto Clemente Houses	126 R	6,470,700
TOTAL	1301	\$ 69,160,500

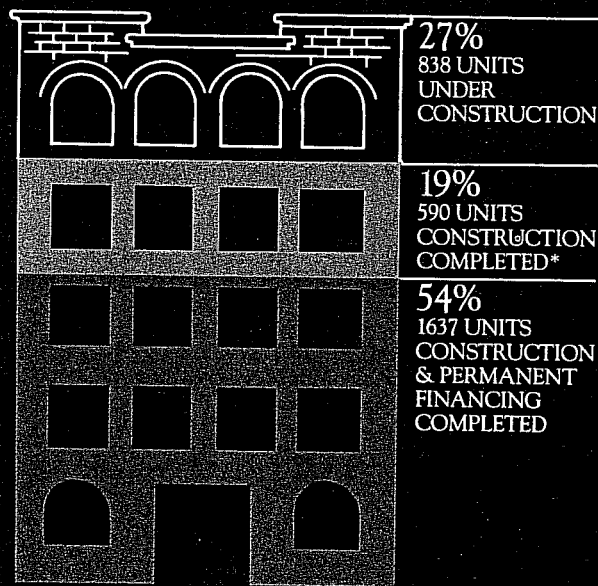
NC = New Construction
 R = Substantial Rehabilitation

1981 ISSUE B PROJECTS

PROJECT	UNITS	MORTGAGE LOAN
<i>Bronx</i>		
*Highbridge Concourse-Phase II	173 NC	\$ 9,403,700
**Morris Heights Mews	110 R	6,146,500
*1988 Davidson Avenue	48 R	2,606,400
<i>Brooklyn</i>		
*Prospect Heights Rehab	63 R	3,469,000
*St. Johns Phase I	192 NC	9,134,400
*Union Gardens I	61 R	3,335,500
<i>Manhattan</i>		
**Audubon Apartments	88 R	4,773,000
*Site-A Washington Heights	110 NC	6,598,800
TOTAL	845	\$45,467,300

CONSTRUCTION LOAN NOTE PROGRAM

Distribution by Project Progress
 (As of 10/31/83)



*CONSTRUCTION & PERMANENT FINANCING COMPLETED AFTER 10/31/83

1982 ISSUE 1 PROJECTS

PROJECT	UNITS	MORTGAGE LOAN
<i>Bronx</i>		
*Beck Street Rehab	81 R	\$ 4,361,000
<i>Brooklyn</i>		
Prospect Heights 510-Phase I	32 R	1,709,100
Sunset Park NSA-Group II	148 R/NC	6,920,800
<i>Manhattan</i>		
Icarus	41 R	2,125,600
Harlem Gateway NSA Site II	91 R	5,229,700
Hudson Piers II	83 R	4,333,000
MS Houses	131 NC	7,714,400
Malcolm X-II Phase B	47 R	2,710,100
Manhattan Avenue Apts.	81 R	4,124,900
North Park	123 R	6,856,300
West 107th Street	61 R	3,194,900
TOTAL	919	\$49,279,800

*construction and permanent financing completed as of 10/31/83

**construction and permanent financing completed after 10/31/83

MEMBERS

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



ANTHONY GLIEDMAN
Chairman and Member, *ex officio*. Mr. Gliedman, an attorney, has been Commissioner of the Department of Housing Preservation and Development of the City since September 17, 1979. Prior to this appointment, Mr. Gliedman, whose service to the City has extended for a decade, was the City's Commissioner of Ports and Terminals. As Commissioner of HPD, he also serves as Chairman of the Mayor's Housing Policy Board and Chairman of the New York City Rehabilitation Mortgage Insurance Corporation.



THOMAS E. DEWEY, JR.
Vice Chairman and Member, serving pursuant to law. Mr. Dewey is President of Thomas E. Dewey, Jr. & Co., Inc., a firm specializing in financial advisory services. He is also Chairman of the Board of Trustees of Lenox Hill Hospital and a Trustee of Apple Bank for Savings. Formerly he was a General Partner in the investment banking firm of Kuhn, Loeb & Co.



GEORGE GLEE, JR.
Member, term expires December 31, 1984. Mr. Glee is Executive Director of the Vanguard Urban Improvement Assn., Inc., a Brooklyn, New York based non-profit development corporation. Prior to that he served as consultant to the John Hay Whitney Foundation and was Vice President for Economic Development with the Bedford Stuyvesant Restoration Corporation for nine years.

OFFICERS



MICHAEL C. SMITH
President. Mr. Smith, an attorney and member of the New York Bar, was appointed Executive Director on March 19, 1982, and appointed President on October 28, 1982. Mr. Smith has had an extensive career in public service, working in legislative and executive positions at the city, state and federal levels. His immediate prior position was as Deputy Director of the Office of Management and Budget of the City of New York.



ALICE I. BAKER
Senior Vice President—Operations and Secretary. Ms. Baker was appointed General Counsel and Secretary to the Corporation on September 24, 1979, and appointed Senior Vice President—Operations on October 28, 1982. Prior to joining the Corporation in 1978 as Assistant Counsel, she worked as an attorney and consultant in the subsidized housing field and as an attorney with Pan American World Airways.



ABRAHAM J. GREENSTEIN
Vice President—Treasurer. Mr. Greenstein joined the Corporation in January 1983 and was appointed Vice President—Treasurer on April 21, 1983. Mr. Greenstein, an accountant, previously served as Assistant Director in charge of financial analysis for the Office of the Special Deputy State Comptroller for New York City.



HARRY E. GOULD, JR.

Member, serving pursuant to law, (term expired December 31, 1983). Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation. Mr. Gould is also Chairman and President of Cinema Group, Inc., a major independent film financing company. He is a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee and was a member of Colgate University's Board of Trustees from 1976 to 1983.



PAZEL G. JACKSON, JR.

Member, term expires December 31, 1985. Mr. Jackson is Senior Vice President and Mortgage Officer of The Bowery Savings Bank of New York. He is also Chairman of the Board of Trustees of Mutual Real Estate Investment Trust, Vice Chairman, Battery Park City Authority and a director of the National Corporation for Housing Partnerships.



PHILIP R. MICHAEL

Member, *ex officio*. Mr. Michael has been Commissioner of Finance of the City of New York since November, 1980. An attorney, Mr. Michael was with the U.S. Department of Justice until 1972, at which time he joined City government as a Deputy Commissioner of the Police Department. In 1978 Mr. Michael was appointed first Deputy Commissioner of the Department of Investigation. Since 1978, he has been Chairman of the City's pension system.



ALAIR A. TOWNSEND

Member, *ex officio*. Ms. Townsend is Director of Management and Budget of the City of New York, to which office she was appointed on September 9, 1981. She was formerly Assistant Secretary for Management and Budget with the United States Department of Health and Human Services and Associate Director for Budget Priorities of the U.S. House of Representatives Budget Committee.



BABETTE E. KROLIK

General Counsel. Ms. Krolik was appointed General Counsel on October 28, 1982. She previously was Assistant General Counsel to the National Corporation for Housing Partnerships, a national developer and syndicator of multi-family housing. Prior to that, she held legal and policy positions with the United States Department of Housing and Urban Development in Connecticut and Washington, D.C.



JOHN L. WARREN

Senior Vice President—Finance, retired effective March 1, 1984. Mr. Warren, a certified public accountant, was appointed Treasurer of the Corporation in June 1972 and Senior Vice President—Finance on October 28, 1982. 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.



JAMES M. YASSER

Vice President—Development. Mr. Yasser, an attorney, and member of the New York Bar, joined the Corporation in November, 1982 and was appointed Vice President—Development on April 21, 1983. He was previously Vice President for Development Finance for a major construction and real estate development firm and an investment banker in the public finance field.

The Corporation wishes to express its sincere appreciation and gratitude to John L. Warren for over eleven years of dedicated and valuable service. He has been succeeded as chief financial officer of the Corporation by Abraham J. Greenstein, Vice President—Treasurer.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of the
New York City Housing Development Corporation:

We have examined the combined balance sheet of the New York City Housing Development Corporation as of October 31, 1983 and the related combined statements of revenues and expenses, changes in fund balances and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned combined financial statements present fairly the financial position of the New York City Housing Development Corporation at October 31, 1983 and the results of its operations, the changes in its fund balances and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

New York, New York
January 27, 1984

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

COMBINED BALANCE SHEET

October 31, 1983

(in thousands)

	General Housing Programs	Section 223(f) Housing Programs	Section 8 Housing Programs	Construction Loan Note Program	Corporate Services Fund	Combined Total
Assets (note 5):						
Cash	\$ 35	122	20	38	146	361
Investments	47,020	97,478	293,682	142,999	15,223	596,402
Total cash and investments	47,055	97,600	293,702	143,037	15,369	596,763
Receivables:						
Mortgage loans (note 4)	295,424	469,830	172,855	60,399	—	998,508
Accrued mortgage interest and escrow receivables	—	3,160	2,086	762	—	6,008
Loans from reserves for replacement funds	—	1,364	—	—	—	1,364
Deferred interest	1,490	—	—	—	—	1,490
Other	15	—	—	—	—	15
Total receivables	296,929	474,354	174,941	61,161	—	1,007,385
Other assets	1	43	18	15	604	681
Unamortized issuance cost	871	—	791	—	—	1,662
Due from (to) other funds	(546)	(276)	648	346	(172)	—
Total assets	\$344,310	571,721	470,100	204,559	15,801	1,606,491
Liabilities and Fund Balances:						
Bonds payable (note 5)	\$310,320	478,470	441,105	—	—	1,229,895
Discount on bonds payable	(2,901)	—	(5,348)	—	—	(8,249)
Notes payable (note 5)	—	—	—	190,925	—	190,925
Accrued interest payable	10,502	8,136	20,062	2,661	—	41,361
Payable to the City of New York (note 7)	28	41,314	—	—	3	41,345
Accrued earnings, reserves for replacement and escrows payable	110	39,356	1,156	358	—	40,980
Accounts payable, accrued expenses and other liabilities	—	—	—	1	477	478
Advance payments from mortgagors	589	—	—	—	—	589
Deferred income	—	250	2,324	—	—	2,574
Deferred interest	1,490	—	—	—	—	1,490
Total liabilities	320,138	567,526	459,299	193,945	480	1,541,388
Fund balances (note 8):						
Restricted	13,093	4,195	10,801	10,614	—	38,703
Unrestricted	11,079	—	—	—	15,321	26,400
Commitments (note 10)						
Total fund balances	24,172	4,195	10,801	10,614	15,321	65,103
Total liabilities and fund balances	\$344,310	571,721	470,100	204,559	15,801	1,606,491

See accompanying notes to combined financial statements.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
COMBINED STATEMENT OF REVENUES AND EXPENSES

Year ended October 31, 1983

(in thousands)

	General Housing Programs	Section 223(f) Housing Programs	Section 8 Housing Programs	Construction Loan Note Program	Corporate Services Fund	Combined Total
Revenues:						
Interest income:						
Mortgage loans	\$ 21,621	37,808	13,803	8,909	—	82,141
Investments	3,724	2,424	22,238	13,654	1,599	43,639
Section 8 administrative fees	—	—	—	—	282	282
Fees and charges	766	—	1,506	290	—	2,562
Other	25	—	5	—	10	40
	26,136	40,232	37,552	22,853	1,891	128,664
Expenses:						
Interest:						
Bonds	21,462	34,301	31,586	—	—	87,349
Notes	—	—	—	17,160	—	17,160
Salaries and related expenses	—	—	—	—	1,356	1,356
Services of New York City Department of Housing						
Preservation and Development	335	—	—	—	—	335
Trustees' fees	78	118	88	50	—	334
Amortization of issuance costs	56	—	225	24	—	305
Other operating expenses	—	66	4	—	782	852
Non-operating expenses (note 7)	—	3,506	—	—	—	3,506
	21,931	37,991	31,903	17,234	2,138	111,197
Excess (deficiency) of revenues over expenses before operating transfers	4,205	2,241	5,649	5,619	(247)	17,467
Operating transfers to Corporate Services Fund	(431)	(1,324)	(55)	(266)	2,076	—
Excess of revenues over expenses after operating transfers	\$ 3,774	917	5,594	5,353	1,829	17,467
Allocation of excess of revenues over expenses after operating transfers:						
Restricted funds	\$ 2,659	917	5,594	5,353	—	14,523
Unrestricted funds	1,115	—	—	—	1,829	2,944
	\$ 3,774	917	5,594	5,353	1,829	17,467

See accompanying notes to combined financial statements.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
COMBINED STATEMENT OF CHANGES IN FUND BALANCES

Year ended October 31, 1983

(in thousands)

	General Housing Programs	Section 223(f) Housing Programs	Section 8 Housing Programs	Construction Loan Note Program	Corporate Services Fund	Combined Total
Restricted Funds:						
Balance at beginning of year	\$ 10,275	69,719	4,897	8,213	—	93,104
Reclassification of certain escrow and other reserve accounts (note 2h)	—	(66,435)	—	—	—	(66,435)
Balance after reclassifications	10,275	3,284	4,897	8,213	—	26,669
Excess of revenues over expenses after operating transfers	2,659	917	5,594	5,353	—	14,523
Net transfers from (to) restricted funds:						
General Housing Bond Programs	(2,793)	—	—	—	—	(2,793)
Other programs	2,952	(6)	310	(2,952)	—	304
Balance at end of year	13,093	4,195	10,801	10,614	—	38,703
Unrestricted Funds:						
Balance at beginning of year	7,168	—	—	—	13,799	20,967
Excess of revenues over expenses after operating transfers	1,115	—	—	—	1,829	2,944
Net transfers from (to) restricted funds:						
General Housing Bond Programs	2,793	—	—	—	—	2,793
Other programs	3	—	—	—	(307)	(304)
Balance at end of year	11,079	—	—	—	15,321	26,400
Total fund balances at end of year	\$24,172	4,195	10,801	10,614	15,321	65,103

See accompanying notes to combined financial statements.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended October 31, 1983

(in thousands)

	General Housing Programs	Section 223(f) Housing Programs	Section 8 Housing Programs	Construction Loan Note Program	Corporate Services Fund	Combined Total
Funds Provided:						
From operations:						
Excess of revenues over expenses after operating transfers	\$ 3,774	917	5,594	5,353	1,829	17,467
Add (deduct), net adjustment for noncash items, principally accrued interest income and expense and payable to the City of New York	(3,498)	9,846	(692)	(1,106)	(1,576)	2,974
Funds provided from operations	276	10,763	4,902	4,247	253	20,441
Sale of investments, at cost	124,716	476,398	585,992	624,552	135,092	1,946,750
Sale of mortgages	36,996	—	—	72,584	—	109,580
Proceeds from sale of bonds and notes	35,215	—	217,740	—	—	252,955
Repayment of mortgage principal	1,479	2,504	365	—	—	4,348
Receipt of reserves for replacement funds	—	4,081	—	—	—	4,081
Receipt of escrow funds	—	13,614	1,143	132	28	14,917
Transfers between funds	4,695	—	306	282	1,680	6,963
Repayment of reserve for replacement loans	—	703	—	—	—	703
Sale of fixed assets	—	—	—	—	12	12
Other	—	—	—	1	—	1
Total funds provided	203,377	508,063	810,448	701,798	137,065	2,360,751
Funds Applied:						
Retirement of bonds and notes	37,415	2,588	30	—	—	40,033
Purchase of investments	126,978	475,168	689,930	653,506	132,354	2,077,936
Distributions from escrows, reserves for replacement, and advances to mortgagors	—	19,732	120,607	45,596	57	185,992
Loans made from reserves for replacement funds	—	1,032	—	—	—	1,032
Payments to the City of New York	—	9,678	—	—	4,300	13,978
Transfers between funds	2,223	1,425	4	2,953	358	6,963
Purchase of mortgages for replacement funds relating to assigned mortgage	36,996	—	—	—	—	36,996
Purchase of fixed assets	—	—	—	—	302	302
Total funds applied	203,612	509,623	810,571	702,055	137,371	2,363,232
Increase (decrease) in cash	(235)	(1,560)	(123)	(257)	(306)	(2,481)
Cash at beginning of year	270	1,682	143	295	452	2,842
Cash at end of year	\$ 35	122	20	38	146	361

See accompanying notes to combined financial statements.

(1) Organization

New York City Housing Development Corporation (the "Corporation") is a corporate governmental agency constituted as a public benefit corporation. The Corporation was established in 1971 under the provisions of Article XII of the Private Housing Finance Law (the Act) of the State of New York and is to continue in existence 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 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.

To accomplish its objectives, the Corporation is empowered to finance new construction and housing rehabilitation, to provide construction financing for multifamily projects to be permanently financed by others, and to provide permanent financing for multifamily residential housing. The Corporation participates in the federal government's housing assistance programs, principally those established by Section 223(f) of the National Housing Act of 1934 and Sections 236 and 8 of the United States Housing Act of 1937.

The Corporation finances most of its activities through the issuance of notes and bonds.

(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 a discrete entity. The Corporate Services Fund accounts for the financial transactions of the Corporation's administration of its programs and its activities. Each program and the Corporate Services Fund utilize the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. Other significant accounting policies are:

(a) Investments

Investments, which consist principally of securities of the United States and its agencies and certificates of deposit are carried at cost, which approximates market, plus accrued interest.

(b) Bond Discount and Bond and Note Issuance Costs

Bond discount and bond and note issuance costs are recognized as expenses when the related bonds or notes are issued, except for the 1983 Series A, 1983 Series B bond issues of the Section 8 Program and the 1982 Multifamily Housing Bond Program which amortize bond discount and issuance costs over the life of the related bond issue. The bonds outstanding method, which approximates the effective yield method, has been adopted for the 1983 Series A and 1983

Series B issues. The effective yield method has been adopted for the 1982 Multi-Family Housing Program.

(c) Operating Transfers

Transfers from the various programs to the Corporate Services Fund represent fees earned by the Corporation for administering the respective programs and excess interest earnings of escrow funds not required by the programs.

(d) Mortgage Loan Interest Income

Mortgage loan interest income is recognized on the accrual basis. Deferred interest, including interest on the amounts deferred, is recognized as income as cash is received.

(e) Amortization of Leasehold Improvements

Leasehold improvements, included in other assets of the Corporate Services Fund, are amortized to expense over the ten-year life of the lease using the straight-line method.

(f) Fees and Charges

Fees and charges are recorded on the accrual basis. Commitment fees are recorded as income when cash is received. This method does not differ materially from the accrual basis of accounting. However, the 1983 Series A and 1983 Series B Bond Programs amortize fees and charges that cover costs of issuance over the life of the related mortgages using the interest method.

(g) Combined Total

The combined total data is the aggregate of the programs and the Corporate Services Fund. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

(h) Reclassifications

During 1983, the Corporation reclassified its escrows, reserves for replacement, and other similar accounts associated with the Section 223(f) Housing Bond Programs from restricted fund balances to the liability classifications of accrued earnings, reserve for replacement and escrows payable to the City of New York and other similar liabilities. Restricted fund balances were reclassified as of October 31, 1982 to reflect the classification adopted in 1983.

(i) Combined Financial Statement Presentation

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

The reporting classification "General Housing Programs" includes the combined accounts of the General Housing Bond Program, the Multi-Family Variable Rate Program, and the 1982 Multi-Family Housing Bond Program.

The reporting classification "Section 223(f) Housing Program" includes the combined accounts of the Section 223(f) Multi-family Housing Bond Program and the Section 223(f) Multi-Unit Housing Bond Program.

The reporting classification "Section 8 Housing Programs" includes the combined accounts of the 1979 Series A Hous-

ing Bond Program, the 1982 Series A Bond Program, the 1983 Series A Bond Program, and the 1983 Series B Bond Program.

(3) Description of Programs and Corporate Service Fund

The Corporation operates four separate programs which are governed by their respective bond and note resolutions. A description of the programs and their funds and accounts established by bond or note resolutions follows:

(a) General Housing Programs

General Housing Bond Program: This program was established when the Corporation was created and accounts for the proceeds of bonds issued to finance the construction of six multifamily projects. The program also accounts for (i) debt service requirements of the bonds; (ii) debt service and other billings of the related mortgages; (iii) earnings on investments; and (iv) service fees approximating 1/4 of 1% of the original principal amount of the mortgages and certain direct expenses. Service fees in excess of the cost of services of the New York City Department of Housing Preservation and Development are transferred to the Corporate Services Fund for the payment of corporate administrative expenses.

General Reserve Fund: An unrestricted general reserve fund is maintained by the Corporation and is available for any corporate purpose provided in the General Housing Bond Resolution. Cash and investments, excluding accrued interest, may not exceed 2% of outstanding bonds. Any excess must be used to redeem outstanding bonds. At October 31, 1983, cash and investments in the general reserve fund amounted to approximately \$5,461,000 which is below the 2% limitation by approximately \$222,000.

Capital Reserve Fund: A capital reserve fund was established as additional security for bondholders in accordance with the requirements of the Act. The Act provides that the Corporation will maintain cash and investments in the capital reserve fund at an amount equal to the largest annual debt service requirement for any fiscal year. At October 31, 1983, the largest annual debt service requirement for any fiscal year was approximately \$19,338,000 and the cash and carrying value of investments in the capital reserve fund approximates \$19,475,000.

If for any reason the capital reserve fund should fall below its requirement, the Chairman of the Corporation must certify that fact to the Mayor and Director of the Budget of the City 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 Comptroller of the State of New York, who must pay the Corporation the necessary amount out of the first monies

available from the next payment of Unallocated per Capita State Aid to the City. (The only prior claimant to this money is the City University Construction Fund.) Any such payment would be considered a non-interest-bearing loan from the City to the Corporation.

Multi-Family Variable Rate Program: This program was established in fiscal year 1982 in connection with the permanent financing of two mortgages previously financed by notes in the General Housing Bond Program. The mortgages are those of Knickerbocker Plaza Housing Co., Inc., and the North Waterside Redevelopment Co. On December 1, 1982, these two mortgages were refinanced. The mortgages were transferred to the 1982 Multi-Family Housing Bond Program along with the cash and investments of the Capital Reserve Account.

1982 Multi-Family Housing Bond Program: This program was established in fiscal year 1983 in connection with the refinancing of the Multi-Family Variable Rate Bonds. Accordingly, the mortgages of Knickerbocker Plaza Housing Co., Inc. and the North Waterside Redevelopment Co. were transferred to the 1982 Multi-Family Housing Bond Program. The program accounts for (i) the proceeds of the bond issue; (ii) debt service requirements of the bonds; (iii) debt service and other billings of the mortgages; and (iv) service fees and certain direct expenses. Service fees are transferred to the Corporate Services Fund for the payment of corporate administrative expenses. The bond resolution has established the Debt Service and Capital Reserve Accounts.

The bond resolution provides that the Corporation will maintain cash and investments in the Capital Reserve Account equal to \$4,780,000. The cash and carrying value of the investments in the Capital Reserve Account as of October 31, 1983 amounted to approximately \$6,509,000.

(b) Section 223(f) Housing Programs

Multifamily and Multi-Unit Housing Bond Programs: These programs were established in 1977 and 1980, respectively, in connection with the refinancing of Mitchell-Lama mortgage loans payable to the City of New York, of existing multifamily housing projects. The mortgages assigned to the Corporation by the City of New York were modified, divided and recast into Federal Housing Administration (FHA) insured first mortgages and subordinate non-insured second mortgages which were reassigned to the City. These programs account for debt service requirements of the bonds issued in connection with the refinancings. The programs also account for (i) debt service requirements of the related mortgages; (ii) mortgagor escrow funds for the payment of mortgage insurance premiums, taxes, fire insurance and other similar charges; (iii) amounts deposited by mortgagors for certain FHA-required

reserves for replacement funds; and (iv) FHA-required claim payment funds for the purpose of co-insuring with the FHA 5% of the face amount of the insured mortgages. The bond resolutions provide that the Corporation is entitled to service fees equal to 1/8 of 1% of the original principal amount of the mortgages. Such service fees and earnings on escrow funds are transferred to the Corporate Services Fund for the payment of corporate administrative expenses.

Due to escalating operating costs, several Multifamily Program and Multi-Unit Program housing companies experienced temporary cash flow difficulties in 1981, 1982, and 1983. The respective mortgagors petitioned HUD for loans from their reserves for replacement funds held by the Corporation. The non-interest bearing loans, approved by HUD, have repayment terms ranging from 12 to 36 months.

(c) *Section 8 Housing Programs*

1979 Housing Bond Program: This program accounts for the proceeds of bonds issued to finance the construction and permanent financing for the substantial rehabilitation of eight multifamily housing projects occupied by tenants who qualify for Section 8 housing assistance payments made pursuant to the United States Housing Act of 1937, as amended. The bond resolution provides that the Corporation is entitled to service fees equal to 1/16 of 1% of the finally endorsed mortgage loan amounts at each semi-annual debt service payment date prior to the expiration of the related housing assistance payment contracts for the projects financed by such mortgages and 1/8 of 1% thereafter. Such service fees and earnings on escrow funds are transferred to the Corporate Services Fund for the payment of corporate administrative expenses.

1982 Series A, 1983 A and 1983 Series B Bond Programs: These programs account for the proceeds of bonds issued to finance the construction and permanent financing of approximately 54 multifamily housing projects occupied by tenants who qualify for Section 8 housing assistance payments made pursuant to the United States Housing Act of 1937, as amended. Earnings on escrow funds are transferred to the Corporate Services Fund for the payment of corporate administrative expenses.

(d) *Construction Loan Note Program*

This program accounts for the proceeds of notes issued to finance the new construction or substantial rehabilitation of thirty multifamily housing projects. The note resolutions provide that the Corporation is entitled to commitment and financing fees and other charges as set forth in the note resolutions. Such fees and charges are transferred to the Corporate Services Fund for the payment of corporate administrative expenses.

(e) *Corporate Services Fund*

This fund accounts for (i) fees and earnings transferred from the programs described above; (ii) Section 8 administrative fees; (iii) income from Corporate Services Fund investments; and (iv) the payment of the Corporation's administrative expenses.

(4) *Mortgage Loans*

A general description of the mortgages in each of the programs follows:

(a) *General Housing Programs*

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

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

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

In 1977, certain housing companies were unable to obtain sufficient rent increases to offset working capital deficits and increasing operating costs. Loans were made to the housing companies by their owners and were matched by the Corporation through a deferral of mortgage interest payments amounting to \$1,850,000. Repayments of the deferred interest is required over a ten year period which commenced in 1980.

1982 Multi-Family Housing Bond Program: These mortgages were transferred from the Multi-Family Variable Rate Program. The projects in this program receive interest subsidies under Section 236 of the National Housing Act from HUD. The final maturity date on the mortgages is 2025.

As in the General Housing Program, repayment of these mortgage loans depends on the ability of each of the housing companies to generate sufficient funds to service its debt.

(b) Section 223(f) Housing Programs

The mortgages are first liens on the properties and are insured by FHA. Final maturity dates range from 2017 to 2019.

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

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

(c) Section 8 Housing Programs

1979 Housing Bond Program: Mortgage loans include advances disbursed to projects for various construction costs, each project's proportionate share of bond issue costs and accrued interest. These advances are FHA-insured. During construction, the loan advances bear interest at 9.5%. When construction is complete, permanent financing is arranged and debt service payments commence, the interest rate will be reduced to 7.5%.

As of October 31, 1983, six of the projects had completed construction and had received final endorsement from HUD. Accordingly, the interest rate was reduced from 9.5% to 7.5% on \$34,171,200 of the mortgage loans.

1982 Series A Bond Program: The mortgage loan advances are FHA-insured. During construction, the loan advances bear interest at 14.5% per annum. When construction is complete and permanent financing is arranged, the interest rates will be reduced to between 12% and 13.25%.

1983 Series A Bond Program: The mortgage loan advances are FHA-insured. During construction, advances bear interest at 14% per annum. When construction is completed and permanent financing is arranged, the inter-

est rates will be reduced to between 9.7 and 9.9%.

1983 Series B Bond Program: The mortgage loan advances are FHA-insured. During construction, the loan advances bear interest at 12.5% per annum. When construction is completed and permanent financing is arranged, the interest rates will be reduced to 10.36%.

(d) Construction Loan Note Program

Mortgage Loans include advances disbursed to projects for various construction costs and each project's share of accrued interest capitalized. These advances are FHA insured. During construction, the loan advances bear interest at 10.75% for Issue A, 10.9% for Issue B and 11% for Issue I. Upon completion of construction and final endorsement of the loans for FHA insurance, it is expected that the mortgages will be purchased by the Government National Mortgage Association ("GNMA") at a 2.5% discount. Mortgagors have provided unconditional and irrevocable letters of credit to cover the 2.5% discount. The proceeds from the sale of the mortgage loans to GNMA and the letters of credit will be used to redeem the notes payable.

(5) Bonds and Notes Payable

The Corporation is authorized to issue bonds and notes for its housing programs in an aggregate principal amount outstanding, exclusive of refunding bonds or notes, not to exceed \$1,650,000,000 or such amount which would not cause the maximum capital reserve fund requirement to exceed \$85,000,000; however, the Corporation cannot issue bonds that would cause the maximum capital reserve fund requirement to rise above \$30,000,000 without a concurrent resolution of the Legislative and the Governor's written agreement with such resolution. The Corporation is able to issue bonds for any corporate purpose without making a deposit into a capital reserve fund (except as required by the General Housing Bond Resolution and the 1982 Multi-Family Housing Bond Resolution).

Bonds and notes payable comprise the following for the year ended October 31, 1983:

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

(5) Bonds and Notes Payable, continued

Description	Balance at Oct. 31, 1982	Issued	Retired	Balance at Oct. 31, 1983	Current annual debt service
(a) General Housing Programs:					
(i) General Housing Bond Program:					
(in thousands)					
3.75% to 6.50% Bonds, 1972 Series A, maturing in varying annual installments through May 2022	\$128,635	—	745	127,890	9,089
3.50% to 7.00% Bonds, 1972 Series B, maturing in varying annual installments through November 2022	49,220	—	340	48,880	3,076
5.70% to 7.00% Bonds, 1973 Series C, maturing in varying annual installments through May 2023	60,910	—	345	60,565	3,928
7.50% Bonds, 1975 Series D, maturing in varying annual installments through May 2023	15,945	—	65	15,880	1,261
9.00% Bonds, 1975 Series E, maturing in varying annual installments through May 2022	11,110	—	35	11,075	1,032
7.375% Bonds, 1976 Series F, maturing in varying annual installments through May 2009	9,875	—	125	9,750	854
7.375% Bonds, 1978 Series G, maturing in varying annual installments through May 2009	1,080	—	15	1,065	94
	276,775	—	1,670	275,105	19,334
(ii) Multi-Family Variable Rate Program:					
8.5% to 15% Bonds maturing in variable annual installments through May 2025	35,745	—	35,745	—	—
	35,745	—	35,745	—	—
(iii) Multi-Family Housing Bond Program:					
7-10 1/2% Serial Bonds due in varying annual amounts beginning in 1983 through 1994	—	5,825	—	5,825	799
11% Term Bonds due in increasing annual amounts beginning 1995 through 2000	—	4,540	—	4,540	500
11 1/8% Term Bonds due in increasing annual amounts beginning in 2001 through 2010	—	18,385	—	18,385	2,045
6% Term Bonds due in varying annual amounts beginning 2011 through 2012	—	6,465	—	6,465	388
	—	35,215	—	35,215	3,732
Total General Housing Programs	312,520	35,215	37,415	310,320	23,066
(b) Section 223(f) Housing Programs:					
(i) Multifamily Housing Bond Program:					
6.50% Bonds maturing in increasing monthly installments through June 2018	293,841	—	1,681	292,160	20,752
7% Bonds maturing in increasing monthly installments through December 2018	25,311	—	150	25,161	1,917
7.25% Bonds maturing in increasing monthly installments through November 2018	25,670	—	112	25,558	1,971
7.034% Bonds maturing in increasing monthly installments through February 2019	15,986	—	94	15,892	1,215
7.25% Bonds maturing in increasing monthly installments through February 2019	11,755	—	51	11,704	902
	372,563	—	2,088	370,475	26,757
(ii) Multi-Unit Housing Bond Program:					
5-8.25% Serial Bonds due in increasing annual amounts beginning in 1982 through 1995	9,650	—	500	9,150	1,181
9% Term Bonds due in varying annual installments beginning in 1996 through 2004	15,360	—	—	15,360	1,382
9.10% Term Bonds due in increasing annual installments beginning 2005 through 2012	28,355	—	—	28,355	2,580
9.125% Term Bonds due in varying installments beginning in 2013 through 2021	55,130	—	—	55,130	5,031
	108,495	—	500	107,995	10,174
Total Section 223(f) Housing Programs	481,058	—	2,588	478,470	36,931

(5) Bonds and Notes Payable, continued

Description	Balance at Oct. 31, 1982	Issued	Retired	Balance at Oct. 31, 1983	Current annual debt service
(c) Section 8 Housing Programs:					
(in thousands)					
(i) 1979 Housing Bond Program:					
6-7% Serial Bonds due in increasing annual amounts beginning in 1983 through 1999	11,875	—	—	11,875	1,181
7.375% Term Bonds due in varying annual installments beginning in 2000 through 2009	10,970	—	5	10,965	809
7.5% Term Bonds due in increasing annual installments beginning in 2010 through 2021	26,775	—	25	26,750	2,108
	49,620	—	30	49,590	4,098
(ii) 1982 Series A Bond Program:					
8.25%-10.75% Serial Bonds due in varying annual amounts beginning in 1985 through 1992	3,410	—	—	3,410	333
12.375% Term Bonds due in increasing annual installments beginning in 1993 through 2002	8,560	—	—	8,560	1,059
12.75% Term Bonds due in increasing annual installments beginning in 2003 through 2024	161,805	—	—	161,805	20,630
	173,775	—	—	173,775	22,022
(iii) 1983 Series A Housing Bond Program:					
5.75-8% Serial Bonds due in varying annual amounts beginning in 1986 through 1996	—	22,785	—	22,785	1,649
8.7% Term Bonds due in increasing annual installments beginning in 1997 through 2003	—	28,400	—	28,400	2,471
8.875% Term Bonds due in increasing annual installments beginning in 2004 through 2013	—	79,910	—	79,910	7,092
8.25% Capital Appreciation Bonds due in varying annual amounts beginning in 2014 through 2025	—	7,505	—	7,505	614
	—	138,600	—	138,600	11,826
(iv) 1983 Series B Housing Bond Program:					
6-8.75% Serial Bonds due in varying annual amounts beginning 1987 through 1997	—	19,105	—	19,105	937
9% Term Bonds due in increasing annual installments beginning in 1998 through 1999	—	5,630	—	5,630	318
9.125% Term Bonds due in increasing annual installments beginning in 2000 through 2001	—	6,690	—	6,690	383
9.250% Term Bonds due in increasing annual installments beginning in 2002 through 2009	—	42,160	—	42,160	2,448
9.5% Capital Appreciation Bonds due in varying annual amounts beginning in 2010 through 2026	—	5,555	—	5,555	288
	—	79,140	—	79,140	4,374
Total Section 8 Programs	223,395	217,740	30	441,105	42,320
(d) Construction Loan Note Program:					
(in thousands)					
9% Issue A, Coupon Notes due February 1, 1984	75,775	—	—	75,775	3,410
8.95% Issue B, Coupon Notes due September 1, 1984	47,000	—	—	47,000	4,207
9% Issue I, Coupon Notes due April 15, 1985	68,150	—	—	68,150	6,134
Total Construction Loan Note Program	190,925	—	—	190,925	13,751
Total Bonds Payable	\$1,016,973	252,955	40,033	1,229,895	102,317
Total Notes Payable	\$ 190,925	—	—	190,925	13,751

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

(5) Bonds and Notes Payable, continued

(a) The General Housing Bond Program bonds are general obligations of the Corporation. Substantially all General Housing Program assets are pledged as collateral for the payment of principal and interest on its bonds.

The Multi-Family Variable Rate Program Bonds were retired on December 1, 1982. The proceeds from the sale of the 1982 Multi-Family Housing Bonds were used along with other funds of the Corporation to retire the Variable Rate Bonds.

The 1982 Multi-Family Housing Bonds are general obligations of the Corporation. Substantially all 1982 Multi-Family Housing Bond Program assets are pledged as collateral for payment of principal and interest on its bonds. The bonds are subject to optional redemption by the Corporation after December 1, 1992 at a redemption price 103% of par, decreasing in annual decrements of 1% until 1995. Thereafter, the bonds may be redeemed at par. The term bonds maturing in 2012 may be redeemed at a price that yields 11% per annum compounded semi-annually. The bonds are also subject to optional redemption at any time at par from any recoveries of mortgage principal.

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

The Corporation may redeem the bonds at any time at an amount equal to the unpaid principal plus accrued interest if the funds are from condemnation awards, casualty insurance proceeds or a prepayment of a related mortgage required by the federal insurer. Otherwise, a redemption premium of 3%, reduced by 1/8 of 1% for each elapsed year in excess of 15% of the mortgage prepaid, is required. After July 1, 1997 under the first bond resolution, and November 15, 1998 under the second bond resolution, the City may require the redemption of bonds prior to maturity at 105% of the unpaid principal plus accrued interest.

The Multi-Unit Housing Bond Program mortgage bonds are special revenue obligations of the Corporation collateralized by substantially all the assets of the program.

The bonds may be redeemed at the option of the Corporation beginning in 1990 at 103% of par, decreasing in biennial decrements of 1% until 1996. Thereafter, the bonds may be redeemed at par. The bonds are also subject to redemption at any time at the option of the Corporation at par from any recoveries of mortgage loan principal.

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

The 1982 Series A Bond Program bonds are special revenue obligations of the Corporation and are secured solely by a pledge of the revenues derived from the FHA-insured mortgage loans and monies and securities held in the program accounts. The bonds may be redeemed at the option of the Corporation beginning in 1992 at 102% of par, decreasing in annual decrements of 1/2% until 1996. Thereafter, the bonds may be redeemed at par. The bonds are subject to special redemption at the option of the Corporation at 100% of par plus accrued interest to the date of redemption from unexpended bond proceeds or any recoveries of mortgage principal.

The 1983 Series A Bond Program bonds are special revenue obligations of the Corporation and are secured solely by a pledge of the revenues derived from the FHA-insured mortgage loans and monies and securities held in the program accounts. The term bonds may be redeemed at the option of the Corporation on or after May 1, 1993 at 102% of par, decreasing in annual decrements of 1/2% until 1997. Thereafter, the term bonds may be redeemed at par. The capital appreciation bonds are also subject to optional redemption on or after May 1, 1993 at a redemption price of 110% of the accreted amount, decreasing in annual decrements of 1% until May 1, 2003. Thereafter, the capital appreciation bonds may be redeemed at 100% of the accreted amount. All other bonds must be redeemed prior to the optional redemption of the capital appreciation bonds. The bonds are also subject to special redemption at the option of the Corporation at 100% of

par plus accrued interest, and with respect to the capital appreciation bonds, 100% of the accreted amount from unexpended bond proceeds or from recoveries of mortgage principal.

The 1983 Series B Bond Program bonds are special revenue obligations of the Corporation and are secured solely by the pledge of the revenues derived from the FHA-insured mortgage loans and monies and securities held in the program accounts. The term bonds may be redeemed at the option of the Corporation on or after May 1, 1993 at 102% of par, decreasing in annual decrements of 1/2% until 1997. Thereafter, the term bonds may be redeemed at par. The capital appreciation bonds are also subject to optional redemption on or after May 1, 1993 at a redemption price of 110% of the accreted amount decreasing in annual decrements of 1% until May 1, 2003. Thereafter, the capital appreciation bonds may be redeemed at 100% of the accreted amount. All other bonds must be redeemed prior to the optional redemption of the capital appreciation bonds. The serial and term bonds are also subject to special redemption at 100% of principal plus accrued interest, and with respect to the capital appreciation bonds, 100% of the accreted amount from unexpended bond proceeds or from recoveries of mortgage principal.

(d) The Construction Loan Note Program notes are special obligation notes collateralized by substantially all the assets of the program. The 1981 Issue A is not redeemable prior to maturity. The 1981 Issue B notes are subject to call after February 28, 1984, and the 1982 Issue I notes are redeemable on October 15, 1984.

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

Fiscal Year Ending October 31	General Housing	Section 223(f) Housing	Section 8 Housing	Construction Loan Note
		(in thousands)		
1984	\$2,195	2,354	415	122,775
1985	2,340	2,396	805	68,150
1986	2,465	2,438	2,335	—
1987	2,645	2,485	3,635	—
1988	2,820	2,537	3,855	—

(6) Consultant's Fees

The fees paid by the Corporation in fiscal 1983 include \$19,680 to C & C Information Services for computer consulting; \$31,688 to Hawkins Delafield & Wood, \$84,319 to Brownstein, Zeidman & Schomer and \$23,745 to Skadden Arps, Slate, Meagher and Flom for legal services; \$20,208 to Zahor Design Inc. for annual report design; \$15,907 to Goldhammer, Wittenstein, Good for architectural services; and \$6,112 to William Schneck, CPA for Asset Management Services.

In addition, the following legal fees were paid: \$177,636 to Hawkins Delafield & Wood, \$19,728 to Brownstein, Zeidman & Schomer. These expenses were related to bond, note and mortgage closings. The Corporation has collected fees and charges from the respective mortgagors to offset these expenses.

(7) Payable to the City of New York

Mortgages in the Section 223(f) Housing Programs were assigned to the Corporation by the City of New York (the City) in order to generate monies for the City. The assignment requires, in part, that the Corporation remit to the City the proceeds from the sale of the assigned mortgages or sales of limited obligation bonds secured by the assigned mortgages, net of certain costs. Additionally, the Corporation remits to the City any excess of mortgage and investment interest income over related debt expense, trustee fees and servicing fees. These expenses are considered non-operating.

As of October 31, 1983, all mortgages assigned by the City to the Corporation have been sold or used as security for debt financing, except the assigned mortgage loan of Village East Towers. That mortgage is being held by the Corporation for possible future sale or bonding.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

(8) Fund Balances

Fund balances of the Programs comprise the following at October 31, 1983:

Description	Restricted funds	Unrestricted funds
(in thousands)		
General Housing Programs:		
General Housing Bond Program:		
Capital reserve fund	\$ 2,145	—
General reserve fund	—	10,358
Operating fund	—	721
Bond debt service fund	211	—
	2,356	11,079
Multifamily Housing Bond Program		
Capital reserve fund	6,509	—
Debt service fund	4,228	—
	10,737	—
	13,093	11,079
Multi-Unit Housing Bond Program:		
Revenue account	691	—
Debt service reserve account	1,473	—
Special reserve account	1,389	—
Mortgage reserve account	642	—
	4,195	—
Section 8 Housing Programs:		
1979 Housing Bond Program:		
Debt service reserve account	2,526	—
Revenue account	2,750	—
	5,276	—
1982 Series A Bond Program:		
Revenue account	5,014	—
1983 Series A Bond Program:		
Revenue account	188	—
Bond proceeds account	300	—
	488	—
1983 Series B Bond Program:		
	23	—
Total Section 8 Programs	10,801	—
Construction Loan Note Program:		
1981 Issue A accounts	3,694	—
1981 Issue B accounts	3,383	—
1982 Issue I accounts	3,537	—
	10,614	—
Total All Programs	\$38,703	11,079

(9) Retirement System

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

(10) Commitments

The Corporation is committed under a lease for office space for minimum annual rentals as follows:

Year ending October 31	Amounts
1984	\$ 159,529
1985	170,779
1986	177,040
1987	177,040
1988	177,040
Later Years	376,580
Total Future Rents	\$1,238,008

Remaining mortgage commitments at October 31, 1983 are as follows:

1979 Housing Bond Program	\$ 517,780
1982 Series A Bond Program	32,595,259
1983 Series A Program	110,037,746
1983 Series B Program	63,573,100
Construction Loan Note Program	22,594,590

(11) Amounts Held Under HUD Contracts

The Corporation has entered into contracts with HUD to administer housing assistance payment contracts with housing projects occupied or to be occupied by tenants qualifying for Section 8 housing assistance payments. Pursuant to the contracts, HUD makes annual contributions to the Corporation in an amount equal to the annual assistance payments plus an administrative fee for the Corporation. Funds held by the Corporation on behalf of HUD for housing assistance payments, which are not reflected in the accompanying balance sheet, amounted to \$605,279 at October 31, 1983. Related fees earned during fiscal 1983 amounting to \$282,075 are included in the Corporate Services Fund.

(12) Subsequent Events

- (a) On December 1, 1983, the Corporation sold \$125,000,000 aggregate principal amount of 1983 Series A Loan to Lender Construction Loan Revenue Notes. The note proceeds will be used to provide construction financing for multiunit rental housing developments through Citicorp Real Estate, Inc. The Corporation's loan to Citicorp Real Estate, Inc., has been guaranteed by Citibank, NA. Upon completion of construction, Citicorp Real Estate, Inc. will sell the developments to the New York City Housing Authority pursuant to the Turnkey Public Housing Program authorized under the United States Housing Act of 1937 as amended.
- (b) On December 15, 1983 The Corporation sold \$2,500,000 aggregate principal amount of 1983 Series C Bonds to the New York City Department of Housing Preservation and Development. The Bond proceeds will be used to provide additional financing to the Lewis Morris project. This development has previously received a \$7,598,700 mortgage commitment from the Corporation under its 1983 Series A Housing Bond Program.

THE CORPORATION'S STAFF

Michael C. Smith, *President*
Mildred Browne, *Executive Secretary to the President*

OPERATIONS

Alice Baker, *Senior Vice President—Operations, Corporate Secretary*
Blanche Hodges, *Office Manager*
Ellie Candelario
Mary McConnell
Alice Verme

LEGAL

Babette Krolik, *General Counsel*
Martin Siroka
Deborah Hilsenrath
Paralegals:
Deborah Bailey Hooper
Josiane De Sousa

DEVELOPMENT

James M. Yasser, *Vice President—Development*
Charles Brass
Wendy Dolber
Donald Rubenstein
Administration:
Charlena Lance, *Administrative Assistant*
Louis Deluca Barbara Vacca

TREASURY

Abraham J. Greenstein, *Vice President—Treasurer*
Michelle Abbott Peggy Joseph
Bernard Hecht Jack Marquardt

FINANCIAL MANAGEMENT

Frederick S. Dombek, *Assistant Treasurer*

Cash Management

Anthony Biondo Charles O'Donnell
Diane Denis Richard Shammas
Kevin Moore Ann Marie Sweeney

Construction Loan Administration

Helen Bojceniuk
Dennis Nolan
Lois Theodorou

Section 8 Administration

Mei H. Chan Minnette LeBlanc
Christine Jue Wendy Y. Lui
Ali Karbo

Asset Management

Betty Davis John Manning
William Ennis Mary Postler

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Eric Kaufman, *Director*
Irene Yau

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Jeffrey DeVito John Reilly
Ronald DiVito Frieda Stein
Evelyn Legg Lucille Tufano