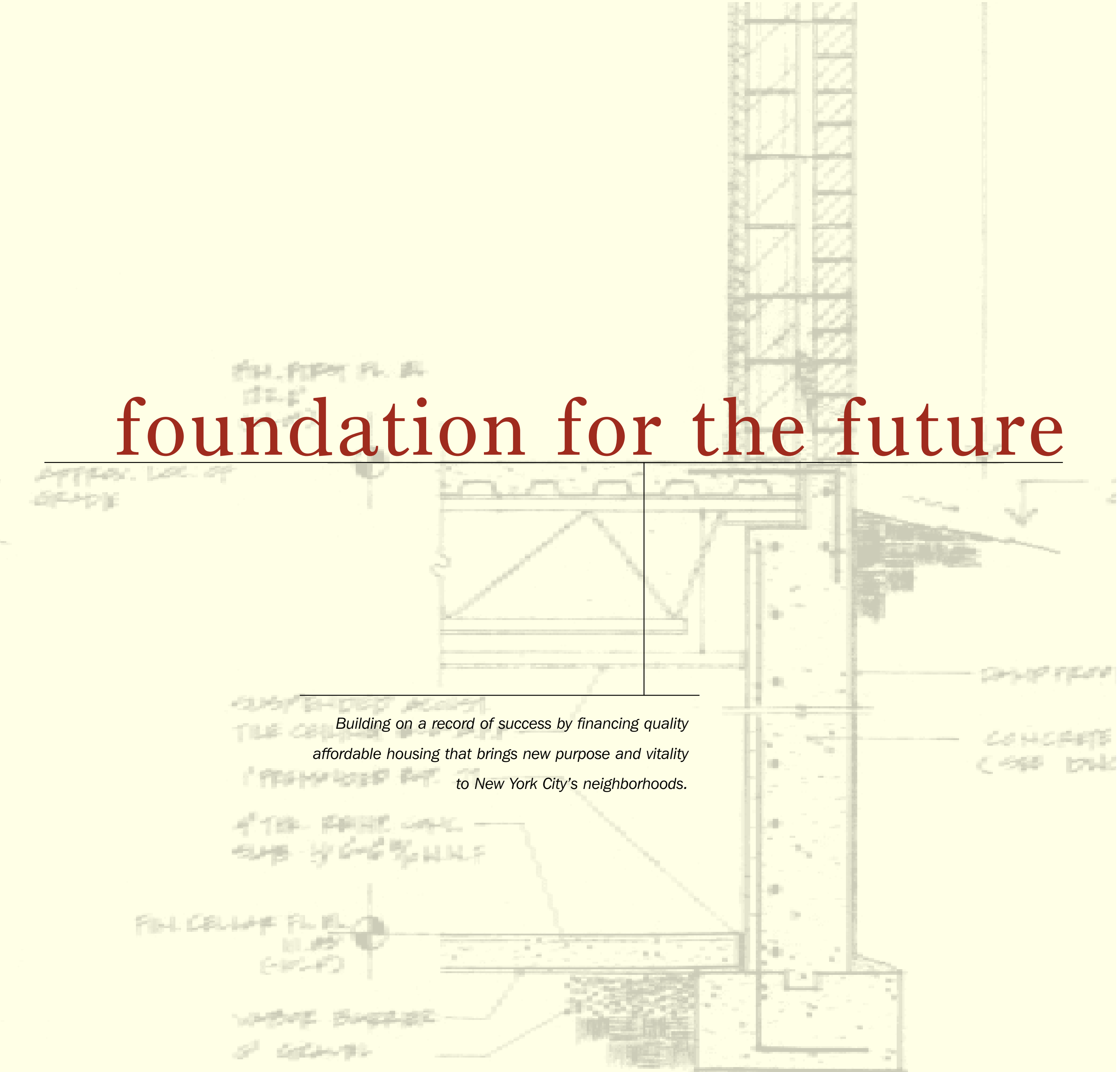
New York City Housing Development Corporation

2000 Annual Report

foundation for the future

Building on a record of success by financing quality affordable housing that brings new purpose and vitality to New York City's neighborhoods.



Building on our strong foundation

This past fiscal year marked more than just the new millennium for HDC. While the Corporation continued its extraordinary record of financial support for affordable housing in New York City, HDC focused both internally and externally on laying a foundation for the future.

No one can deny that New York City has experienced an extraordinary rebirth over the last seven years. The economy is booming. Crime has been drastically reduced. Tourists from around the country and the world are enjoying the best that New York has to offer. The most important aspect of this metamorphosis, however, is that people want to live in New York City once again, as evidenced by 2000 Census data showing that the population has increased by more than 600,000 since 1996.

The private market has aimed to meet the resulting increased demand for housing by constructing and rehabilitating market-rate units in Manhattan. But this increase in supply has not offset increased demand significantly enough to provide low- and middle-income New Yorkers with adequate quantities of viable housing. Furthermore, the private-market-driven housing renaissance has been most apparent in Manhattan and has extended only slowly to communities in Upper Manhattan and the other boroughs. These neighborhoods have for some time contained not only large volumes of vacant, often grand buildings, but also a majority of the population that most desperately needs quality affordable housing.

HDC has recognized this gap between supply and demand, and, in conjunction with City-wide efforts spearheaded by the Giuliani Administration, has helped to take the City's rebirth a step further. From the conversion of a furniture warehouse in Brooklyn into middle-income housing to the new construction and rehabilitation of hundreds of low-income housing units in the South Bronx, HDC and its development partners are extending the City's boom to include many of the neighborhoods missed by previous periods of growth. The success of our efforts is evident from recent private investment in the form of new businesses that surround HDC-financed developments. These new businesses, combined with new, affordable housing, are improving and expanding services for the neighborhoods that need them most. And, while the immediate benefits of these improvements are strikingly apparent, the bolstered infrastructures of these neighborhoods will help to preserve New York's communities for generations to come.

Simultaneously, HDC has been rebuilding its own infrastructure. As we settled into new offices, HDC instituted several changes and improvements to enhance the efficiency and effectiveness of the Corporation. From launching a new Web site to implementing a centralized database system to initiating a system that will store documents electronically, the Corporation is streamlining operations across the board and readying itself for a high-tech future.

This Annual Report will demonstrate not only HDC's strong financial standing but also the Corporation's commitment to prepare itself and the communities of New York City for the challenges we will face in the years to come.

Submitted To:

Honorable Rudolph W. Giuliani, Mayor

Honorable Alan G. Hevesi, Comptroller

Honorable Adam L. Barsky, Director of Management and Budget

Submitted By:

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

Report of the Chairperson & the President

On behalf of the Members of the New York City Housing Development Corporation (HDC) and its subsidiary corporations, including the New York City Residential Mortgage Insurance Corporation (REMIC), we are pleased to submit our 2000 Annual Report.

Jerilyn Perine
Chairperson

Affordable Housing Finance in a City Reborn

New York City stands today in stark contrast to the city it was one decade ago. Then, it was still suffering through a financial crisis; residents fled due to diminishing quality-of-life and increasing crime. With dwindling clientele and rising prices, businesses also fled the metropolitan area. Unemployment rates in 1991 were at their highest level in three decades. The City was left with neighborhoods that were mere shells of their former selves.

With fewer residents, entrepreneurs were reluctant to open new businesses; conversely, with no businesses to provide services for community residents, real estate developers were disinclined to develop new housing. Communities in the boroughs outside Manhattan were hardest hit by this spiraling cycle of decline.

The election of Mayor Rudolph W. Giuliani and his focus on quality-of-life initiatives have helped to turn the local economy around and have led to the rebirth of New York City as this nation's premier metropolitan area. Throughout the five boroughs, crime is down and the quality-of-life is up. The population of the City has increased by nearly 10 percent since 1990.

In the changed environment of a thriving city, HDC has striven to meet the new challenges that inevitably accompany these times of growth. Demand for housing has increased significantly, and due to rising costs, the private market has become less and less able to provide affordable housing to the low- and middle-income residents of the City. HDC's programs, which are adaptable to market conditions and free of overly bureaucratic regulations, have provided an impetus for developers to fill the void left by the market.

Last year, the Corporation financed the development of more than 1,300 units of housing affordable to low- and middle-income New Yorkers through nearly $200 million in taxable and tax-exempt financing. That number includes the first 71 low-income units financed through the Corporation's new taxable 80/20 program, which works around traditional limits on affordable housing development set by the federal tax-exempt private activity bond cap. Also included in last year's financings is the Corporation's second assisted living project, Village Care, which will provide 86 units of affordable housing for low- and moderate-income seniors on West 46th Street in Manhattan, with costs for meals and personal care assistance included in the monthly rent charge. These projects symbolize HDC's ability to create programs that meet the various housing needs of New York City's residents when the market and federal programs fail to do so.

Having revamped our investment strategy two years ago by allowing for investment in commercial paper, the Corporation also continued to see a significant return on investments. In 2000, the Corporation realized $58 million in investment earnings on close to $1 billion in funds invested. Those earnings represent a 12 percent increase over earnings totals for 1999. Increased earnings freed HDC to adjust program guidelines, and in so doing, to continue stimulating development despite challenging market conditions.

Russell A. Harding
President

Neighborhoods Coming to Life

The rejuvenation of areas of Manhattan such as Times Square and Harlem's 125th Street has been a well-publicized part of the City's comeback. Throughout the five boroughs there are numerous communities that have also witnessed similar transformations. As the efforts of the Giuliani Administration improved the quality-of-life in communities throughout New York by reducing crime and promoting economic growth, people began returning to neighborhoods that were previously seen as undesirable. Recognizing this increased demand for housing, HDC has financed the development of thousands of quality affordable housing units in these areas, helping to solidify the positive transformations of many neighborhoods.

Last year, we began to see several neighborhoods return to life where HDC has recently financed multiple projects. In these neighborhoods, residents have witnessed an increase in private investment in the form of new businesses and increased housing construction and rehabilitation. From restaurants and coffee shops to clothing stores, laundromats and pharmacies, communities that have seen large amounts of HDC investment are enjoying an increased variety of businesses and services. Harlem, Fort Greene, Flushing and the South Bronx are all profiled in the subsequent pages of this report. People are moving back to these neighborhoods because they are safe, affordable, and finally thriving again.

By providing much-needed financing for the production of affordable housing in these neighborhoods and many others, HDC has played a role in rebuilding the City's infrastructure and preparing it for the challenges of the new millennium.

The Future of a Corporation and a City

Recognizing the need to strengthen and revitalize in preparation for the future, HDC affected several changes to its own infrastructure over the past fiscal year. HDC merged two divisions within the Treasury Department in order to facilitate loan processing. Now all loans, whether construction or permanent, are administered by one unit, thereby streamlining the disbursement and tracking of funds.

Treasury also worked in conjunction with HDC's MIS Division to institute a comprehensive financial software package that has brought all of HDC's financial services together under one powerful interface. All of HDC's financial divisions access information from a centralized database, which has reduced reconciliation time and increased accuracy.

HDC also laid the groundwork for, and recently launched, a new Web site that improves access to information about the Corporation's programs and services. These are just a few of the many changes undertaken in the past fiscal year that we believe will help prepare the Corporation to face the challenges presented by a new millennium and an increasingly technological economy.

HDC has consistently demonstrated a strong commitment to providing financial support to the affordable housing development community; this financial support exists in tandem with the Corporation's desire to promote additional private investment in the neighborhoods of New York City, thereby establishing strong, viable communities. As the new millennium begins, HDC is bolstering its own infrastructure as well as helping to bolster the infrastructure of New York's neighborhoods, laying a solid foundation for the future.

Jerilyn Perine
Chairperson

Russell A. Harding
President

Neighborhood Profile:

Harlem

Harlem is without a doubt one of the most recognized neighborhoods in America, if not the world. In the past two hundred years, it has been a rural, "upstate" retreat for colonial New Yorkers. It has been a suburb of spacious apartments that lured immigrants looking to escape the crowded streets of the Lower East Side. And in the twentieth century, Harlem grew into an economic and cultural capital that, as an independent city, would be among the twenty largest in the country.

Beginning in the 1970's with the City's fiscal crisis and peaking in the early 1990's, Harlem struggled with high unemployment, debilitating crime rates, and a steadily eroding housing stock. Over a ten-year period commencing in 1980, Harlem's housing stock shrunk by over 15 percent. In 1991, the crime rate peaked with more than 100 murders in two of the three precincts that make up Central Harlem alone. These trends drove residents from the neighborhood, with population declining by an astonishing 38 percent between 1970 and 1990. Fewer residents meant abandoned housing, fewer customers for remaining local businesses, and a cycle of decline.

A well-documented and dramatic turnaround for the neighborhood began in 1994 after the election of Mayor Rudolph W. Giuliani. By concentrating on the reduction of crime and the stimulation of economic development through reduced taxes, the Mayor largely restored the sense of safety and the freedom to practice business without excessive regulation that are essential for the success, and survival, of any city.

In neighborhoods like Harlem, which had been so desperate, the changes led by the Mayor have been felt most dramatically. New businesses, including national chains, are now supplying residents who had been among the nation's most underserved consumers. This time Harlem has not been passed over by a broader economic revival. The neighborhood's safety, stability, and increasing population have made it a sound rather than a risky investment.

Building on that foundation, HDC has been able to finance the development of more than 2,700 units of housing in Harlem through $162,000,000 in loans since 1994. This year, that housing has included a combination of newly constructed units like the 241 at Renaissance Plaza on 116th Street, and substantially rehabilitated units like the 51 apartments for middle-income families in the Triangle Court development featured in the photo to the left.

These projects are providing badly needed affordable housing, and they are helping to promote the neighborhood's return to health. Across Frederick Douglass Boulevard from Triangle Court, a new movie theater has opened since the tenants moved in. At Renaissance Plaza, a local drugstore has signed a lease to occupy the commercial space on the first floor of the building. Our projects mean more affordable housing, and they also have meant more jobs, as businesses have moved in to provide new tenants with services. By financing these buildings now, HDC is solidifying Harlem's second renaissance, and creating once again a rock-solid infrastructure like the one that 80 years ago made Harlem's first renaissance possible.

With 51 units of middle-income housing as well as ground-floor retail space containing a laundromat, restaurant and gift shop, Robert Ezrapour's rehabilitation project at Triangle Court has attracted further investment in Central Harlem.

Neighborhood Profile:

Fort Greene

One of the hallmarks of a great neighborhood is distinctive housing. Like many other neighborhoods in Manhattan and throughout the City, Fort Greene and the surrounding neighborhoods of Clinton Hill and Prospect Heights have no shortage of it. In the late nineteenth and early twentieth centuries, rows of brownstones and spacious apartment buildings were built here along with the mansions of some of New York's most prominent citizens.

Fort Greene and the adjacent neighborhoods of Clinton Hill and Prospect Heights share many things, including over 100 years of history, a common architecture characterized by rows of brownstones, and in the past seven years, a return to some of their former glory. Not unlike Harlem, each of these neighborhoods suffered through a period from the 1970's through the early '90's in which residents fled rising crime, businesses closed their doors, and housing infrastructure deteriorated. At the end of 2000, however, the future looked bright for this area of northwest Brooklyn.

Thanks to their proximity to Manhattan and the nearby presence of the shipbuilding industry at the Brooklyn Navy Yard, these neighborhoods have been home to a mix of low- to upper middle-income residents for the last century. The housing ranges from pre-Civil War mansions that still line parts of Clinton and Washington Avenues to middle- and low-income apartment buildings built by the City in the 1960's. The City's Landmarks Preservation Commission has designated both Fort Greene and Clinton Hill as Historic Districts.

In addition to concern over the preservation of the historic properties within these neighborhoods, the continuation of the neighborhoods themselves became doubtful in the late 1980's and early 1990's. Graffiti covered the Brooklyn Academy of Music, the oldest performing arts center in America, and the Pratt Institute of Design. Crime rose by 20 percent between 1980 and 1993. Investment in real estate fell to its lowest point in the early 1990's, by which time the population had declined by 15 percent since 1970.

As has happened citywide, the Mayor's successes cutting crime and stimulating economic development have brought Brooklyn back to life—literally—as the population has increased between 1993 and 2000 for the first time in more than 30 years. More jobs, and more people to take those jobs have also meant more demand for housing.

In and around Fort Greene, HDC has leveraged the renewed demand for housing and used it to finance more than 275 new apartments in five developments since 1997. Better still, all of these projects are rehabilitations of formerly abandoned, significant buildings. They include a landmarked former auto showroom, a former hat factory and the former mattress-spring factory pictured to the left, which opened in July of this past year.

As people have populated these HDC-financed buildings and others that have been privately financed, the neighborhood has come back to life. New or rehabilitated restaurants and markets along Lafayette Street and Myrtle Avenue like Blue, the New City Bar and Grill and Duncan's Fish Market testify to the rebirth.

As with Harlem, HDC's efforts in Fort Greene have built upon the foundation established by the Mayor's achievements. Reestablished, solidified communities with solid housing stock are well equipped to handle any future downturns. In the middle and late 1990's, as the nation has rediscovered an improved New York City, New Yorkers have rediscovered an appealing Fort Greene.

Developer and architect Elissa Winzelberg retained the exposed beams and brick walls of the former mattress-spring factory at 139 Emerson Place to create fifty unique middle-income apartments.

Neighborhood Profile:

Flushing

Though more famous as the home of Shea Stadium and the 1964 World's Fair Grounds, Flushing is a thriving residential and business community. Like the borough in which it is located, it is a neighborhood of many different faces. Offering a short commute to mid-Manhattan and a bustling commercial corridor along Main Street and Northern Boulevard, Flushing is a leading choice among New Yorkers as a place to live and shop.

In many ways unlike Harlem, Fort Greene and the South Bronx, Flushing has not suffered debilitating effects from the fiscal crisis, the recession of the early 1990's and the simultaneous spike in crime. Though the period between 1970 and 1993 was not marked by significant growth, Flushing did not experience a threat to its continued existence the way the other neighborhoods featured in this report did. As Flushing has become an economic hub of Queens and home to residents from all over the world, HDC has played an important role in the neighborhood by increasing the supply of housing affordable to working, middle-income residents there who so badly need it.

Flushing's expanding population, which has grown by more than 25,000 over the past five years, has required substantial investment in the neighborhood's housing infrastructure. Over the past two fiscal years, HDC has financed five new housing developments in Flushing, with a total investment of $35,107,500 providing 223 units of quality affordable housing. The projects have included the DC Colonnade on 37th Avenue and The Benjamin, pictured to the left, which contains 54 units of housing affordable to middle-income residents and which opened this past fiscal year.

Through this investment, HDC has helped to make living in Flushing viable for those who might otherwise have been forced out of the market by increasing demand and rising costs. By ensuring the continuance of available affordable housing there, HDC has played a role in extending the City's economic boom within Flushing. New businesses and other privately financed housing developments have opened near HDC-financed affordable housing. Residents of Flushing have witnessed the opening of major retail chains like Home Depot and Old Navy Clothing, as well as smaller enterprises such as restaurants and retail stores. The Flushing Library, pictured above, recently reopened with a new state-of-the-art facility providing learning programs for children and adults. A new housing development, The Kissena Apartments, expected to open in 2002, will provide 202 units of affordable housing for the elderly.

Since it was first settled in 1645, Flushing has represented both stability and prosperity. Today, Flushing is flourishing again with a fast growing population and one of the largest retail hubs in New York City. HDC is proud to have contributed to the continued growth of this urban center and proud to have provided necessary financing to help develop its future.

Bluestone family members Sara Bluestone Herbstman and Eric, Steve and Eli Bluestone were the driving force behind The Benjamin, a new construction development containing 54 units financed through HDC's New Housing Opportunities Program.

Neighborhood Profile:

South Bronx

As poor as New York City's reputation had become in the early 1990's, with cover stories of national magazines calling the Big Apple "rotten to the core," the South Bronx at that time epitomized urban blight in the national consciousness. Thanks to vivid pictures of buildings burning behind Yankee Stadium during a World Series game in 1977 and escalating crime and unemployment rates from the 1980's through the early 1990's, the image of the South Bronx had become one of devastation and danger. That image matched the unpleasant reality of widespread property destruction and abandonment and a population decline of more than 60 percent between 1970 and 1990.

Over the last seven years, however, neighborhoods like Morrisania in the South Bronx actually saw an increase in population. Between 1994 and 2000, more people moved into the South Bronx than moved out for the first time in nearly 40 years. Why are people returning? In part, because the area is convenient and, as it always has been, is served by several major lines of transportation. But that fails to explain such a dramatic turnaround.

The more complete answer is that people want to live in New York City again because today they can safely take advantage of all that the "Capital of the World" has to offer. This rediscovered desirability of New York City has reached far beyond Gramercy Park and the Upper East Side in Manhattan to touch neighborhoods like Mott Haven, Longwood, Crotona Park and Morrisania in the South Bronx.

As with Harlem, Fort Greene and Flushing, HDC has stepped into these neighborhoods to leverage the newly found demand for housing and begun to recreate a supply of solid housing infrastructure that will keep the neighborhoods attractive long into the future. Housing in the Bronx has historically been more spacious and had more amenities than its counterparts in the other boroughs. HDC programs have provided the financing to convert historic existing buildings, like the former casket factory pictured at left, or to construct new ones that continue the neighborhood's history of exceptional housing.

Since 1994, HDC has funded 35 developments throughout the South Bronx with more than 2,350 units of new housing. Projects like the Jennings Street Apartments, which opened at the beginning of Fiscal Year 2000, have supported businesses in the brand-new Plaza Del Castillo Mall just two blocks away on Southern Boulevard. The Plaza is already planning an expansion. Since 1994, HDC's investments have been followed by those of a variety of public and private entities that have combined to produce an additional 5,000 units of new and rehabilitated housing in the South Bronx.

HDC has worked hard to complement this Administration's significant achievements in crime reduction and economic development by making the most of the current demand for housing throughout the City and producing quality affordable housing where it is badly needed. While the additional developments achieve the goal of satisfying some of the immediate need for housing, they also provide these once dilapidated neighborhoods with a bulwark of infrastructure that will function as a foundation of future growth and success.

A prolific developer of affordable housing in the Bronx, Ron Moelis of L & M Equity Participants rehabilitated the abandoned former Hygrade Casket Factory into 79 units of quality low-income housing.

Division Profile:
Loan Servicing

Though some may think the work of financing affordable housing ends when the lenders and developers sign on the dotted line, the staff at HDC knows otherwise. Many of HDC's projects have construction and permanent loans with terms of up to forty years. For that entire period, the recently reorganized Loan Servicing Division of the Treasury Department manages the billing process for a project. Currently, the division handles permanent loans for approximately 400 properties and 144 construction loans, some of which the division services on behalf of the City's Department of Housing Preservation and Development.

Some projects financed by HDC have permanent mortgages only. Often, however, Loan Servicing begins its interaction with a project when HDC's loan administrators handle the initial disbursements of a construction loan. In order for builders to pay their contractors and thus get their projects completed on time, it is absolutely necessary for the Loan Servicing Division to operate efficiently.

Once construction of the project is complete, the permanent loan arm of the division is responsible for the setup, billing, collections and updates of all permanent mortgages associated with the project, as well as collections and payments of all escrows. The division also reviews insurance policies for property, liability, boiler and machinery, and fidelity coverage.

As HDC has grown and continued to finance new projects, the loan servicing process has increased in both complexity and volume. During fiscal year 2000, HDC streamlined the loan servicing process to ensure that the Corporation continues to handle work as efficiently as possible.

The result of these efforts was the creation of the Loan Servicing Division from the merger of the Mortgage Servicing & Billing Division and Construction Loan Administration. This reorganization brought all administration of permanent and construction loans under the auspices of one division whose staff has a combined 50 years of experience in the field.

Beginning in the last fiscal year as well, the Loan Servicing Division began utilizing reporting and accounting tools made possible through a new, comprehensive financial tracking system that fully integrates HDC's loan servicing processes with those of Accounting, Development, Legal, and numerous other divisions throughout the Corporation.

That new database, built using Oracle® tools, has reduced the time spent on individual items and allowed the division to handle a steady increase in projects from year to year. While the old loan servicing process used to take nearly two days to initiate from the loan closing date, the new integrated system allows the staff of the Loan Servicing Division to complete the process in only two hours.

This coming fiscal year will see the launch of an imaging system which will, at the touch of a button, associate documents with financial records and automate HDC's document filing system. The Loan Servicing Division will play an essential role in this process, as well as benefit greatly from the new capabilities provided by the system. The new financial tracking and imaging systems, in conjunction with the Internet, will form both an Intranet for in-house personnel and an Extranet for clients to obtain a wide array of billing information provided by the Loan Servicing Division.

The extensive work done by the Loan Servicing Division to implement changes in information systems has prepared the Corporation for a future in which the volume of affordable housing it finances can continue to grow. But more than any computer system, the level of performance and commitment that the Loan Servicing staff brings to HDC ensures that the Corporation will have a healthy existence for years to come.

"Positive attitudes, strong work ethics, and a willingness to teach and learn are some of the attributes that help Loan Servicing to get the job done so efficiently."

—Kisha Tripp-Reeves,
Mortgage Servicing Administrator

"In Accounting, management and staff work together to produce the highest quality financial statements. We work as a team to ensure that accurate and timely information is provided to our clients."

—Simon Wu
Staff Accountant

Division Profile: Accounting

While the word "accountant" may call to mind red pencils, calculators and the ability to stretch a penny for some, we at HDC are more than aware of the essential role accountants play in our affordable housing finance business. As part of the Treasury Department, Accounting's primary responsibilities are to produce the financial records used for the day-to-day servicing of bond mortgages and the Annual Report as well as to handle all accounting duties necessary for the operation of the Corporation. The members of the Accounting Division also collaborate with Ernst & Young in their annual external audit of the Corporation's financial records.

Two major changes during the past fiscal year fundamentally improved Accounting's operations. First, the entire division was reorganized in order to improve efficiency. Whereas all accountants used to report to the Corporation's Controller, who heads the Accounting Division, now three chief accountants report directly to the Controller and each supervises a team of accountants.

These new teams each oversee and generate the financial records for the many bond programs that represent over $1.2 billion invested in more than 12,000 units of affordable housing in New York City. This new system of organization has allowed HDC accountants to learn the skills necessary to fully service each account. Before, various functions were divided among accountants, so developers seeking information about a particular project had to speak to several different accountants. Now, one accountant can provide all requested information.

In conjunction with its reorganization, the Accounting Division also began utilizing a fully interactive and comprehensive financial tracking system. A new methodology utilizing Oracle® computer programming combines the various financial tracking systems previously used by the different divisions of the Treasury Department into a single, high-powered accounting tool. This tool integrates many of the Corporation's activities, thereby promoting interaction between HDC's various divisions and allowing accountants, project managers and loan administrators to share information about programs and projects on an ongoing basis.

Accounting will also play an integral role in the implementation of an imaging system and an Extranet for developers. The new imaging system will allow accountants to search electronically for documents associated with the hundreds of accounts and bond issues that HDC maintains. This system will undoubtedly decrease research time as well as paperwork, helping to streamline the work of the Accounting Division to an even greater degree.

HDC's accountants will also work with other divisions within Treasury and MIS to help create a secure, searchable Extranet for developers. Using the Internet, HDC's development partners will be able to access account information on-line. Less time on the phone will mean more time for our accountants to actively tend to the Corporation's many hundreds of accounts.

HDC's Accounting staff currently averages more than ten years on the job here. Their dedication and hard work only augment HDC's reputation as a corporation that achieves its mission of providing financial services to the affordable housing development community in a highly professional and efficient manner. Organizational changes put in place this year and the recent and pending implementations of new information systems will help to serve the division as it aims to achieve its mission in the years to come.

Projects Currently Financed by the Corporation

General Housing Program

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

Mitchell-Lama (223-F Refinancings)

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

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

Project Name	Loan Amount	Number of Units
Prospect Towers	$ 2,193,800	153
Tivoli Towers	$ 8,098,200	302
Manhattan		
1199 Plaza	$ 39,920,500	1,586
Beekman Staff Residence	$ 1,226,300	90
Bethune Towers	$ 1,518,400	133
Clinton Towers	$ 10,298,500	396
Columbus House	$ 3,502,500	248
Columbus Manor	$ 2,500,000	202
Columbus Park	$ 1,467,900	162
Confucius Plaza	$ 23,390,400	760
Cooper-Gramercy	$ 4,766,100	167
East Midtown Plaza	$ 17,157,400	746
Esplanade Gardens	$ 14,437,500	1,870
Glenn Gardens	$ 8,196,000	266
Goddard Towers	$ 2,381,600	193
Gouverneur Gardens	$ 5,993,600	778
Heywood Towers	$ 5,398,100	188
Hudsonview Terrace	$ 11,546,500	395
Jefferson Towers	$ 1,619,000	189
Lands End I	$ 7,226,800	250
Leader House	$ 6,269,400	279
Lincoln-Amsterdam	$ 6,031,500	186
New Amsterdam House	$ 6,461,300	228
RNA House	$ 1,841,600	207
Riverbend	$ 8,267,900	622
Riverside Park	$ 26,028,300	1,190
Rosalie Manning Apts.	$ 903,800	108
Ruppert House	$ 16,778,000	652
St. Martin's Tower	$ 2,865,500	179
Strycker's Bay	$ 1,971,800	233
Tower West	$ 3,996,100	216
Town House West	$ 1,100,000	47
Tri-Faith House	$ 1,494,800	147
Trinity House	$ 2,540,500	199
Village East Towers	$ 3,560,600	434
Washington Sq., S.E.	$ 1,905,200	174
West Side Manor	$ 3,147,200	245
West Village	$ 12,034,500	420
Westview Apartments	$ 1,656,000	137
Westwood House	$ 1,500,000	124
Queens		
Bay Towers	$ 5,476,900	374
Bridgeview III	$ 1,951,600	170
Court Plaza	$ 5,370,800	246
Dayton Towers	$ 14,871,800	1,752
Forest Hills Crescent	$ 1,757,600	240
Goodwill Terrace	$ 3,606,100	207
Seaview Towers	$ 13,264,700	461
Sky View Towers	$ 3,910,900	232

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

Project Name	Loan Amount	Number of Units
Staten Island		
North Shore Plaza	$ 17,156,100	535
Total	**$487,026,500**	**28,120**

Section 8 Program

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

80/20 New Construction Program

Project Name	Loan Amount	Number of Units
Manhattan		
520 West 43rd Street	$ 55,070,000	375
400 West 59th Street	$ 150,000,000	722
189 West 89th Street	$ 53,000,000	265
251 West 94th Street	$ 89,000,000	284
600 Columbus	$ 24,600,000	166
The Brittany	$ 57,000,000	272
Carnegie Park	$ 70,000,000	462
Columbus Green	$ 14,500,000	95
James Tower	$ 30,000,000	201
Key West	$ 49,000,000	207
Manhattan Park/Roosevelt Isl.	$ 158,466,700	1,107
The Monterey	$ 104,600,000	522
Tribeca Tower	$ 55,000,000	440
Village West	$ 18,675,000	148
The Westmont	$ 24,200,000	163
West End Towers	$ 156,086,600	1,000
2521-37 Broadway	$ 89,000,000	285
West 54th Street Development	$ 60,400,000	222
West 26th Street Development	$ 72,100,000	356
Queens		
The Bristol	$ 5,620,000	66
Total	**$1,336,318,300**	**7,358**

Moderate-Income Rental Housing Program

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

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

Projects Currently Financed by the Corporation *(continued)*

Hospital Staff Housing

Project Name	Loan Amount	Number of Units
Bronx		
Montefiore Medical Center	$ 8,400,000	116
Manhattan		
Beth Israel	$ 36,600,000	236
New York Hospital 1	$115,582,688	520
Total	**$160,582,688**	**872**

Limited Equity Cooperative Program

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

Housing New York—Construction Management Program

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

Assisted Living Program

Project Name	1st Mortgage Amount	2nd Mortgage Amount	Number of Units
Manhattan			
de Sales Assisted Living Project	$20,665,000	$ 960,000	127
Village Care	$10,350,000	$2,000,000	85
Total	**$31,015,000**	**$2,960,000**	**212**

New Housing Opportunities Program

Project Name	1st Mortgage Amount	2nd Mortgage Amount	Number of Units
Bronx			
Palmer Court I	$ 5,900,000	$ 1,340,000	67
Palmer Court II	$ 6,200,000	$ 1,700,000	68
3815 Putnam Avenue	$ 6,870,000	$ 1,820,000	91
Brooklyn			
287 Prospect Avenue	$ 4,740,000	$ 886,000	52
79 Clifton Place	$ 3,800,000	$ 720,000	40
421 DeGraw Street	$ 7,713,000	$ 1,710,000	90
471 Vanderbilt Avenue	$ 2,330,000	$ 520,000	26
597 Grand Avenue	$ 3,617,000	$ 1,462,000	52
167 Clermont Avenue	$ 10,340,000	$ 2,200,000	110
139 Emerson Place	$ 4,000,000	$ 1,250,000	50
800 Bergen Street	$ 1,570,000	$ 1,280,000	32
Manhattan			
Central Harlem Plaza	$ 31,615,000	$ 6,935,000	241
Queens			
39-07 208th Street	$ 2,092,000	$ 500,000	26
136-43 37th Avenue	$ 6,685,000	$ 1,340,000	60
58-12 Queens Boulevard	$ 11,825,000	$ 2,250,000	122
65-84 & 66-08 Austin Street	$ 12,000,000	$ 2,250,000	132
32-08 Union Street	$ 2,770,000	642,500	25
137-02 Northern Boulevard	$ 7,200,000	1,775,000	71
136-14 Northern Boulevard	$ 7,000,000	$ 1,950,000	60
Staten Island			
Celebration Townhouse	$ 2,938,537	$ 347,973	25
Total	**$141,205,537**	**$32,878,473**	**1,440**

100% Low-Income Tax-Exempt Bond Program

Project Name	Loan Amount	Number of Units
Bronx		
454-464 East 148th Street	$ 5,900,000	79
1150 Intervale Avenue	$ 5,800,000	80
St. Ann's Apartments	$ 3,400,000	60
Brooklyn		
46-58 Sullivan Street	$ 1,300,000	20
Spring Creek III	$ 7,000,000	100
Spring Creek IV	$ 6,000,000	83
219 Sackman Street	$ 2,400,000	38
Manhattan		
211 West 105th Street	$ 2,500,000	11
208, 212-218 West 133rd Street	$ 3,000,000	55
70-74 East 116th Street	$ 1,600,000	23
Tony Medez Apartments (75 East 116th Street)	$ 11,440,000	130
Queens		
Beach 24th and Seagirt Avenue	$ 9,800,000	122
Total	**$109,040,000**	**1,463**

Rehabilitation Loan Program

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

Rehabilitation Loan Program *(continued)*

Project Name	Loan Amount	Number of Units
1469-71 Bedford Avenue	$ 956,725	27
1120-22 Madison Street	$ 670,000	16
Manhattan		
Kamol Apartments	$ 995,736	48
White Star Houses	$ 549,147	52
Revive 103 North	$ 1,863,000	30
110 West 111th Street	$ 550,080	48
1-7 West 137th Street	$ 602,000	51
9 West 137th Street	$ 270,329	17
2006 Amsterdam Avenue	$ 774,000	18
2445-9 Frederick Douglass Blvd.	$ 1,677,000	39
230-45, 255-9 West 116 St.	$ 2,537,000	59
55 West 129th Street	$ 1,818,000	36
216 & 224 West 141st Street	$ 1,342,000	31
54 Vermilyea Avenue	$ 233,075	20
128-136 Edgecombe Avenue	$ 1,000,000	67
630 West 135th Street	$ 234,262	31
1572 Lexington Avenue	$ 540,039	13
2733 Frederick Douglass Blvd.	$ 406,000	12
229-31 E. 105th Street	$ 2,635,000	55
542-48 & 552-58 W. 149th Street	$ 1,659,000	36
144 West 144th Street	$ 675,000	16
2492-94, 2052 Frederick Douglass Blvd.	$ 152,000	27
466-70 West 150th Street	$ 760,314	60
21-23 & 29-31 East 104th Street	$ 1,144,000	70
530 Audubon Avenue	$ 757,800	45
205-213 West 145th Street	$ 1,512,431	62
301-09 W. 113th St., 2099, 2107 8th Ave.	$ 952,000	70
215 Audubon Avenue	$ 210,556	47
270 St. Nicholas Avenue	$ 369,950	77
11, 15, 19 Broadway Terrace	$ 651,895	51
2038 Fifth Avenue	$ 195,000	7
36 West 131st Street	$ 430,885	14
201 W. 144th St., 261 W. 116th St., 234 Bradhurst Ave.	$ 959,444	61
67 Macombs Place & 259 West 152nd Street	$ 1,603,600	58
349-359 Lenox Avenue	$ 761,000	26
2245, 2259, et al. Adam Clayton Powell Jr. Blvd.	$ 406,086	26
55 East 130th Street	$ 968,000	25
Queens		
Met Houses III	$ 5,432,051	468
Total	**$111,782,314**	**5,635**

Executive Staff

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

Management's Discussion and Analysis

Year Ended October 31, 2000

This section of the New York City Housing Development Corporation annual financial report presents our discussion and analysis of financial performance during the fiscal year that ended on October 31, 2000. Please read it in conjunction with the financial statements and accompanying notes that follow this section. Amounts and percentage changes refer to the memorandum total columns which includes financial data for the Corporation's subsidiaries.

Financial Highlights

- Total net assets increased $39.1 million (or 6.9%)
- Cash and investments decreased $17.4 million (or 1.8%)
- Bonds and other liabilities increased $97.1 million (or 3.2%)
- Operating revenues increased $14.9 million (or 9.9%)
- Operating expenses increased $18.1 million (or 12.7%)
- Operating income decreased by $3.2 million (or 41.4%)
- Nonoperating revenues increased by $8.2 million (or 31.0%)
- Investment revenues increased by $7.7 million (or 27.9%)

Overview of the Financial Statements

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

Financial Analysis of the Corporation

Net Assets.

The following table summarizes the changes in Net Assets between December 31, 2000 and 1999:

$ in millions

	2000	1999	% increase/(decrease)
Current Assets	**$ 297.3**	302.2	(1.6%)
Noncurrent Assets	**3,422.1**	3,281.1	4.3%
Total Assets	**3,719.4**	3,583.3	3.8%
Long-Term Debt	**2,615.1**	2,523.1	3.6%
Other Liabilities	**495.4**	490.4	1.0%
Total Liabilities	**3,110.5**	3,013.5	3.2%
Net Assets			
Restricted	**248.1**	247.6	0.2%
Unrestricted	**360.8**	322.2	12.0%
Total Net Assets	**$ 608.9**	569.8	6.9%

The Corporation's combined net assets increased $39.1 million (6.9%) as a result of total earnings. The Corporation did not receive any net asset contributions during the fiscal year. HDC has always been self-sustaining.

Operating Activities.

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

Interest income accrues to the benefit of the program for which the underlying source of funds are utilized. Although investment earnings are presented as nonoperating revenues, approximately $25.5 million of the total $35.5 million investment earnings have been included in resources that are set aside for the payment of bond debt service. The remaining $10.0 million in investment income is available to cover Corporate operating or other expenses.

The following table summarizes the changes in Operating Income between fiscal year 2000 and 1999:

$ in thousands

	2000	1999	% increase/(decrease)
Operating Revenue:			
Interest on Loans	**$140,125**	126,013	11.2%
Fees and Charges	**10,829**	9,919	9.2%
Other	**14,131**	14,264	(0.9%)
Total Operating Revenue	**165,085**	150,196	9.9%
Operating Expenses:			
Interest and Amortization	**143,317**	127,738	12.2%
Salaries and Related	**9,172**	8,349	9.9%
Corporate	**4,069**	3,186	27.7%
Other	**4,052**	3,287	23.3%
Total Operating Expenses	**160,610**	142,560	12.7%
Operating Income	**4,475**	7,636	(41.4%)
Nonoperating Revenues (Expenses):			
Earnings on Investments	**35,479**	27,732	27.9%
Other	**(874)**	(1,319)	(33.7%)
Total Nonoperating Revenue	**34,605**	26,413	31.0%
Distributions	**(11)**	(101)	(89.1%)
Change in Net Assets	**$ 39,069**	33,948	15.1%

Other Financial Information

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

Debt Administration

At year end the Corporation and its subsidiaries had $2,699 million of bond principal outstanding, an increase of 3.6% over last year as shown below. More detailed information about the Corporation's outstanding debt obligations is presented in Note 7 to the financial statements.

The following table summarizes the changes in capital debt between fiscal year 2000 and 1999:

$ in thousands

	2000	1999	% increase/(decrease)
Bonds Payable	**$2,698,717**	2,605,812	3.6%

New Business

During fiscal year 2000 the Corporation issued three series of Housing Revenue Bond program bonds amounting to $47 million, four series of 80/20 program bonds amounting to $210 million, and five series of 100% Low-Income Tax-Exempt Bond program bonds for $19 million. These funds are being used to provide mortgage financing. Under various programs the Corporation has also made funds available from net assets. Subsequent to fiscal year end, five series of bonds were issued in the amount of $81 million. The details of these financings are described in the notes to the financial statements.

Contacting the Corporation's Financial Management

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

Report of Independent Auditors

To the Members of the
New York City Housing Development Corporation

We have audited the accompanying combined balance sheet of the New York City Housing Development Corporation (the "Corporation"), as of October 31, 2000, and the related combined statements of revenues and expenses, changes in net assets, and cash flows for the year then ended. These combined financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2000, and the results of its operations, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

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

Ernst + Young LLP

March 16, 2001

October 31, 2000 (in thousands)

		Discretely Presented Component Units			
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Memorandum Total Only 2000
Assets					
Current Assets:					
Cash	$ 966	—	—	—	966
Investments (note 4)	255,364	—	—	—	255,364
Receivables:					
Mortgage loans (note 5)	26,724	—	—	—	26,724
Accrued interest	14,012	—	—	—	14,012
Other (note 6)	180	—	—	—	180
Total Receivables	**40,916**	—	—	—	**40,916**
Other assets	99	—	—	—	99
Total Current Assets	**297,345**	—	—	—	**297,345**
Noncurrent Assets:					
Restricted cash	9,065	—	2	3	9,070
Restricted investments (note 4)	610,496	26,838	41,476	32,147	710,957
Restricted receivables:					
Mortgage loan receivable (note 5)	2,400,417	44,164	—	—	2,444,581
Accrued interest	—	1,964	—	—	1,964
Total restricted receivables	2,400,417	46,128	—	—	2,446,545
Mortgage loans receivable:					
Sale of mortgages	1,906	—	—	—	1,906
Other receivables (note 6)	6,198	—	200,556	—	206,754
Total Receivables	**2,408,521**	**46,128**	**200,556**	—	**2,655,205**
Unamortized issuance costs	14,990	—	1,870	—	16,860
Primary government/component unit receivable (payable)	(3,749)	3,952	(6)	(197)	—
Fixed assets	5,870	—	—	8	5,878
Other assets	24,125	—	—	9	24,134
Total Noncurrent Assets	**3,069,318**	**76,918**	**243,898**	**31,970**	**3,422,104**
Total Assets	**$3,366,663**	**76,918**	**243,898**	**31,970**	**3,719,449**

See accompanying notes to the basic financial statements.

Combined Balance Sheet (continued)

October 31, 2000 (in thousands)

		Discretely Presented Component Units			
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Memorandum Only Total 2000
Liabilities and Net Assets					
Current Liabilities:					
Current portion of bonds payable (note 7)	$ 38,800	—	—	—	38,800
Accrued interest payable	30,351	—	6,710	—	37,061
Payable to the City of New York (note 9)	456	—	—	—	456
Payable to mortgagors	51,751	—	—	—	51,751
Restricted earnings on investments	2,978	—	—	—	2,978
Accounts and other payables	919	—	—	91	1,010
Deferred fee and mortgage income	2,153	—	—	27	2,180
Due to the United States Government (note 11)	996	—	—	—	996
Total Current Liabilities	**128,404**	**—**	**6,710**	**118**	**135,232**
Noncurrent Liabilities:					
Bonds payable (note 7)	2,387,082	—	236,974	—	2,624,056
Net premium and (discount) on bonds payable	(880)	—	(8,073)	—	(8,953)
Payable to the City of New York (note 9)	137,087	76,048	780	—	213,915
Payable to mortgagors	101,320	—	—	—	101,320
Deferred fee and mortgage income	43,476	—	—	—	43,476
Due to the United States Government (note 11)	1,538	—	—	—	1,538
Total Noncurrent Liabilities	**2,669,623**	**76,048**	**229,681**	**—**	**2,975,352**
Total Liabilities	**2,798,027**	**76,048**	**236,391**	**118**	**3,110,584**
Net Assets:					
Restricted (note 14)	216,295	870	5,816	25,105	248,086
Unrestricted (note 14)	352,341	—	1,691	6,747	360,779
Total Net Assets	**568,636**	**870**	**7,507**	**31,852**	**608,865**
Commitments and Contingencies (notes 9, 12 and 13)					
Total Liabilities and Net Assets	**$3,366,663**	**76,918**	**243,898**	**31,970**	**3,719,449**

See accompanying notes to the basic financial statements.

Combined Statement of Revenue, Expense and Changes in Fund Net Assets

Year ended October 31, 2000 (in thousands)

		Discretely Presented Component Units			
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Memorandum Only Total 2000
Operating Revenues					
Interest on loans (note 5)	$140,125	—	—	—	140,125
Fees and charges (note 11)	10,524	—	—	305	10,829
Other (note 6)	102	—	14,029	—	14,131
Total Operating Revenues	**150,751**	**—**	**14,029**	**305**	**165,085**
Operating Expenses					
Interest and amortization (note 7)	127,376	—	15,941	—	143,317
Salaries and related expenses	8,748	—	—	424	9,172
Services of New York City	322	—	—	—	322
Trustees' and other fees	1,342	—	80	188	1,610
Amortization of debt issuance costs	1,970	—	150	—	2,120
Corporate operating expenses (note 8)	4,040	—	—	29	4,069
Total Operating Expenses	**143,798**	**—**	**16,171**	**641**	**160,610**
Operating Income (Loss)	**6,953**	**—**	**(2,142)**	**(336)**	**4,475**
Nonoperating Revenues (Expenses)					
Earnings on investments (note 4)	29,822	321	4,511	825	35,479
Nonoperating expenses (note 9)	(1,365)	—	—	—	(1,365)
Other	12	—	479	—	491
Total Nonoperating Revenues (Expenses)	**28,469**	**321**	**4,990**	**825**	**34,605**
Income (Loss) before Distributions and Transfers	**35,422**	**321**	**2,848**	**489**	**39,080**
Operating transfers to Corporate Services Fund	150	—	—	(150)	—
Distributions	(11)	—	—	—	(11)
Change in Net Assets	**$ 35,561**	**321**	**2,848**	**339**	**39,069**
Total net assets—beginning of year	533,075	549	4,659	31,513	569,796
Total Net Assets—End of Year	**$568,636**	**870**	**7,507**	**31,852**	**608,865**

See accompanying notes to the basic financial statements.

Combined Statement of Cash Flows

Year ended October 31, 2000 (in thousands)

	Housing Development Corporation Programs	Discretely Presented Component Units: Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Memorandum Only Total 2000
Cash Flows From Operating Activities					
Mortgage loan repayments	$ 287,373	—	—	—	287,373
Receipts from fees and charges	10,109	—	—	330	10,439
Mortgage escrow receipts	56,033	—	—	—	56,033
Reserve for replacement receipts	19,866	—	—	—	19,866
Mortgage loan advances	(342,715)	—	—	—	(342,715)
Escrow disbursements	(53,528)	—	—	—	(53,528)
Reserve for replacement disbursements	(16,985)	—	—	—	(16,985)
Payments to employees	(7,998)	—	—	—	(7,998)
Payments to suppliers for corporate operating expenses	(8,377)	—	—	—	(8,377)
Other receipts (payments)	22,248	(2,507)	11,769	—	31,510
Net Cash (Used in) Provided by Operating Activities	**(33,974)**	**(2,507)**	**11,769**	**330**	**(24,382)**
Cash Flows From Non Capital Financing Activities					
Proceeds from sale of bonds	275,857	—	—	—	275,857
Retirement of bonds	(181,663)	—	—	—	(181,663)
Interest paid	(125,158)	—	(13,421)	—	(138,579)
Net cash transfers between programs	921	—	(3)	(918)	—
Net Cash (Used in) Non Capital Financing Activities	**(30,043)**	—	**(13,424)**	**(918)**	**(44,385)**
Cash Flows From Capital and Related Financing Activities					
Purchase of fixed assets	(1,416)	—	—	—	(1,416)
Net Cash (Used in) Capital and Related Financing Activities	**(1,416)**	—	—	—	**(1,416)**
Cash Flows From Investing Activities					
Sale of investments	14,378,952	66,706	57,353	259,079	14,762,090
Purchase of investments	(14,360,366)	(64,270)	(58,254)	(260,881)	(14,743,771)
Interest and dividend collected	51,921	71	2,555	2,328	56,875
Net Cash Provided by Investing Activities	**70,507**	**2,507**	**1,654**	**526**	**75,194**
Increase (decrease) in cash	5,074	—	(1)	(62)	5,011
Cash at beginning of year	4,957	—	3	65	5,025
Cash at End of Year	**$ 10,031**	—	**2**	**3**	**10,036**

See accompanying notes to the basic financial statements.

	Housing Development Corporation Programs	Discretely Presented Component Units: Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Memorandum Only Total 2000
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	$ 6,953	—	(2,142)	(336)	4,475
Adjustments to reconcile operating income to net cash provided by using operating activities:					
Depreciation expenses	795	—	—	3	798
Amortization of bond discount and premium	143	—	523	—	666
Amortization of bond issuance costs	341	—	150	—	491
Cash Provided by Nonoperating Activities	(42,958)	(2,077)	15,850	768	(28,417)
(Increase) in accrued interest receivable	(758)	(170)	—	—	(928)
Decrease in sale of mortgages receivable	549	—	—	—	549
(Increase) in other receivable	(838)	—	(2,663)	—	(3,501)
(Increase) decrease in other assets	1,284	—	—	(7)	1,277
(Increase) decrease in primary government/component unit receivable (payable)	122	—	—	(122)	—
(Decrease) increase in payable to the City of New York	(18,342)	(260)	51	—	(18,551)
Increase in payable to mortgagors	16,610	—	—	—	16,610
(Decrease) increase in accounts and other payables	28	—	—	(2)	26
(Decrease) in due to the United States Government	(1,493)	—	—	—	(1,493)
Increase in restricted earnings on investments	170	—	—	—	170
Increase in deferred fee and mortgage income	1,702	—	—	26	1,728
Increase in accrued interest payable	1,718	—	—	—	1,718
Net Cash Provided by (Used in) Operating Activities	**$(33,974)**	**(2,507)**	**11,769**	**330**	**(24,382)**
Non Cash Investing Activities:					
Increase (decrease) in fair value of investments	$ (4,886)	320	2,305	(1,309)	(3,570)

See accompanying notes to the basic financial statements.

Notes to the Combined Financial Statements

October 31, 2000

Note 1: Organization

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

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

Note 2: Summary of Significant Accounting Policies

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

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

In June 1999, the GASB adopted their Statement No. 34, “Basic Financial Statements—and Management Discussion and Analysis—for State and Local Governments.” Although not required to implement this new statement until fiscal year 2001, the Corporation has elected to adopt this new statement for the year ended October 31, 2000. The adoption of Statement No. 34 required the Corporation to make several changes to the presentation of its basic financial statements in addition to requiring the presentation of the Corporation’s Management, Discussion and Analysis (“MD&A”). MD&A is considered to be required supplemental data and precedes the financial statements.

In order to conform to the requirements of GASB 34, the following changes have been made to the Corporation's financial statements:

- Fund Balances have been reclassified into the following categories of Net Assets:
  - Restricted
  - Unrestricted
- The Balance Sheet has been modified to report a classified balance sheet
- The Statement of Revenues, Expenses, and Changes in Fund Net Assets has been formatted to report operating and nonoperating revenues and expenses
- The Statement of Cash Flows has been presented using the direct method

Other significant accounting policies are:

A. Revenue and Expense Recognition

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

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

B. Investments

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

C. Earnings on Investments

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

D. Debt Issuance Costs and Bond Discount

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

E. Operating Transfers

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

F. Allowance for Credit Losses

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

G. Estimates and Assumptions

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

H. Memorandum Only—Total

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis and do not present information in conformity with accounting principles generally accepted in the United States and are not equivalent to a consolidated presentation.

Note 3: Description of Programs and Corporate Services Fund

(A) New York City Housing Development Corporation

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

(i) Multi-Family Bond Programs:

(a) Section 223(f)

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

(b) Housing Revenue Bond

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

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

(c) 80/20

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

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

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

(e) Hospital Residence

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

(f) Residential Cooperative Housing

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

(ii) Corporate Services Fund:

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

(B) Housing Assistance Corporation

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

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

(C) Housing New York Corporation

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

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

(D) New York City Residential Mortgage Insurance Corporation

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

REMIC is required to maintain certain reserves, one of which is the housing insurance fund which shall be used as a revolving fund solely for the payment of liabilities arising from housing insurance contracts. The housing insurance fund requirement as of any particular date must be in an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to housing insurance contracts, plus (ii) twenty percent of the insured amounts under housing insurance contracts other than insured amounts which are due and payable pursuant to (i) above, plus (iii) twenty percent of the amounts to be insured under REMIC's commitments to insure. The housing insurance fund requirement at October 31, 2000, is $17,328,000.

REMIC must also maintain a mortgage insurance fund which shall be used solely for the payment of liabilities arising from mortgage insurance contracts which are contracts of the Old REMIC or contracts based on commitments of the Old REMIC. The mortgage insurance fund requirement as of any particular date shall be an amount equal to the aggregate of (i) one hundred percent of the insured amounts due and payable pursuant to mortgage insurance contracts, plus (ii) an amount equal to the greater of (A) $7,500,000 or (B) twenty percent of the sum of the insured amounts under mortgage insurance contracts and the amounts to be insured under commitments to insure. The mortgage insurance fund requirement at October 31, 2000, is $7,777,000.

Any income or interest earned on the funds described above due to the investment of those funds in excess of their respective requirements shall be transferred at least annually to the premium reserve fund. The premium reserve fund must also be maintained to provide for the payment of REMIC's liabilities arising from its operations, including liabilities arising from housing and mortgage insurance contracts. The balance of this fund at October 31, 2000, is $4,019,000.

Note 4: Investments and Deposits

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

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

During fiscal year 2000, realized investment gains amounted to $254,000 while realized losses were $64,000. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. Realized gains and losses on investments that had been held prior to the current fiscal year and sold in this fiscal year may have been recognized as an increase or decrease in the fair value of investments prior to fiscal year 2000.

Governmental Accounting Standards Board ("GASB") Statement No. 3 requires disclosure of the level of investment risk assumed by the Corporation as of October 31, 2000. Category 1 includes investments that are insured or registered, or held by the Corporation, or its agent in its name. Investments are categorized by credit risk as follows:

						Total	
		Total	Total	Total	Total	Memorandum Only	
(in thousands)	Category	HDC	HAC	HNYC	REMIC	2000	1999
U.S. Treasury Bonds	1	$ 51,192	—	25,514	—	76,706	71,503
U.S. Treasury Bills	1	91,332	—	—	1,178	92,510	74,161
U.S. Treasury Notes	1	69,132	—	—	—	69,132	126,028
U.S. Treasury Strips	1	312	26,095	—	—	26,407	26,557
Fixed Repurchase Agreements	1	152,071	743	15,962	—	168,776	211,623
G.N.M.A.	1	33,448	—	—	—	33,448	34,458
Open Time Deposits	1	236,522	—	—	—	236,522	243,456
Term Repurchase Agreements	1	48,736	—	—	—	48,736	51,433
Freddie Mac Notes	1	70,281	—	—	1,194	71,475	72,050
Federal Farm Credit Notes	1	14,056	—	—	—	14,056	14,189
Commercial Paper	1	30,323	—	—	—	30,323	10,354
Money Market and NOW Accounts	N/A	973	—	—	—	973	2,698
Federal Home Loan Mtg.	1	33,002	—	—	2,849	35,851	26,011
FNMA Callable Med Term Note	1	11,973	—	—	21,811	33,784	11,572
FHLB Notes Callable	1	3,069	—	—	—	3,069	12,673
FHLB Bonds	1	15,500	—	—	5,115	20,615	—
Federal Home Loan Bank Discount Notes	1	3,938	—	—	—	3,938	—
Totals		**$865,860**	**26,838**	**41,476**	**32,147**	**966,321**	**988,766**

Fixed repurchase agreements are held pursuant to written master repurchase agreements which permit liquidation of the applicable securities in the event of a default. Maturities range from 1 to 33 days. Margin requirements are 101% for overnight repurchase agreements and 102% for repurchase agreements maturing up to 34 days, all of which are priced daily. These agreements are used to provide short-term liquidity. Interest rates on all fixed repurchase agreements range from 6.25% to 6.55%. Maturity dates on all fixed repurchase agreements range from November 1, 2000 to November 20, 2000.

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

During the fiscal year, HDC entered into nine OTD agreements. OTDs are non-participating, guaranteed investment contracts. At October 31, 2000, the cost basis of all unsecured OTDs amounted to $234,128,000. The cost basis of secured OTDs was $2,394,000.

Collateral securities were held by the respective bond program's trustee. Interest rates on all OTDs range from 2.90% to 7.70% with maturity dates that range from January 31, 2001 to April 30, 2037.

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

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

Commercial Paper have maturity dates ranging from November 20, 2000 to November 27, 2000 and yield rates of 6.59% to 6.60%.

Combined cash deposits total $10,036,000 at October 31, 2000. These accounts were maintained with bond trustees as well as with major commercial banks. HDC's cash deposits amounting to $317,000 are FDIC insured, while $100,000 of the City's Department of Housing Preservation and Development ("HPD") funds held for the City are collectively insured with other City funds in an amount up to $100,000. HNYC's cash balances total $2,000, all of which is FDIC insured in amounts pledged to bond holders. REMIC's cash deposits total $3,000, all of which are fully insured. All other cash deposits are uninsured.

Note 5: Mortgage and Other Loans

The Corporation has outstanding, under various programs, mortgage loans of $2,471,305,000 and $2,319,358,000 as of October 31, 2000 and 1999, respectively, to a number of qualified housing sponsors. Of this amount, mortgage loans outstanding at October 31, 2000 and 1999 were as follows:

Program	Total HDC	Total HAC	Total Memorandum Only 2000	Total Memorandum Only 1999
(in thousands)				
Section 223 (f)	$ 291,252	—	291,252	298,952
1991 Multi-Unit Refunding Bond	84,143	—	84,143	85,863
Housing Revenue Bond	680,351	—	680,351	615,378
80/20	1,105,335	—	1,105,335	1,015,612
100% Low-Income Tax-Exempt	25,390	—	25,390	42,802
Hospital Residence	137,070	—	137,070	137,770
Residential Cooperative Housing	27,948	—	27,948	40,266
Corporate Services	75,652	—	75,652	38,551
Other	—	44,164	44,164	44,164
Totals	**$2,427,141**	**44,164**	**2,471,305**	**2,319,358**

The mortgage loans listed above are originally repayable over terms of 8 to 49 years and bear interest at rates from 1% to 10.36% per annum. Primarily all mortgage loans receivable are collateralized by first mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. HDC has funded subordinate mortgage loans in the amount of $53,616,000, while HPD has funded subordinate loans held by HDC in the amount of $22,260,000.

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

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

Through April 30, 1996, these funds were paid to the City by the Corporate Services Fund. Since May 1, 1996, amounts representing future excess cash flows have been amortized in the Corporate Services Fund over the remaining program life using the yield method. Amortization for fiscal year 2000 amounted to $1,317,000 and is included by the Corporate Services Fund as non-operating expenses. The unamortized portion of these payments is included under the caption Other Assets in the Combined Balance Sheet. Amounts previously recorded as non-operating expenses in the 223(f) Program and the Multi-Unit Program have been included in operating transfers as of May 1, 1996, and will inure net of amortization to the Corporation.

In 1987, the Development Services Program ("DSP") was created to assist the City in implementing its many housing programs for low-, moderate- and middle-income residents. As of October 31, 2000, the DSP consists of eight subprograms. The source of funding for the DSP is certain corporate reserves which have been set aside in a separate account, the Dedicated Account, which is included in the Corporate Services Fund. Loans made under the DSP are either interest free or have low interest rates. The Corporation's role in the seven subprograms involves the lending of the funds on deposit in the Dedicated Account. In the other subprogram, the Corporation has servicing responsibilities with regard to loans made by HPD (see note 12).

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

Note 6: Other Receivables

(A) New York City Housing Development Corporation

Other Receivables amount to $6,378,000, which represents commitment and financing fees, servicing fees, Reserve for Replacement loans and Corporate Services Fund Other Loans described in note 5.

(B) Housing New York Corporation

Other Receivables amounts to $200,556,000, which is composed in part of $142,728,000 in funds advanced to the City through October 31, 2000 in accordance with the 1993 Series A Revenue Bond Resolution. The City used these monies to reimburse itself for the costs incurred in connection with the substantial rehabilitation of residential housing and related facilities in Manhattan and the Bronx under the Housing New York Program. For a description of the manner in which advances made to the City will be repaid, see note 3(c). The remaining balance of $57,828,000 represents funds used to cover debt service. On May 1, 1993, HNYC began to require payment of assigned excess revenues from the BPCA on each debit service date in amounts necessary to cover bond principal and interest and HNYC trustee fees. Amounts recorded under the caption Other Revenues on the Combined Statement of Revenues and Expenses are used to cover program expenses.

Note 7: Bonds Payable

Changes in bonds payable for the year ended October 31, 2000 were as follows:

Description	Balance at Oct. 31, 1999	Issued	Retired	Balance at Oct. 31, 2000	Amount Due Within 1 Year
(in thousands)					
(variable rates cover fiscal year 2000)					
Housing Development Corporation					
Multi-Family Bond Programs:					
Section 223(f):					
Multi-Family Housing Bond Program—6.5% to 7.25% Bonds maturing in varying installments through 2019	$ 299,512	—	(7,615)	291,897	8,225
1991 Multi-Unit Mortgage Refunding Bond Program—4.4% to 7.35% Serial and Term Bonds maturing in varying installments through 2019	90,525	—	(2,070)	88,455	2,210
Total Section 223(f)	**$ 390,037**	—	**(9,685)**	**380,352**	**10,435**
Housing Revenue Bond Program:					
1993 Series A & B Bond Program—2.75% to 5.85% Serial and Term Bonds maturing in varying installments through 2026	$ 119,640	—	(2,320)	117,320	2,440
1994 Series A PLP Bond Program—8.4% and 8.95% Term Bonds maturing in varying installments through 2025	5,815	—	(255)	5,560	275
1995 Series A Multi-Family Housing Revenue Bond Program—3.5% to 5.6% Serial Bonds maturing in varying installments through 2007	26,245	—	(3,190)	23,055	2,960
1996 Series A Multi-Family Housing Revenue Bond Program—3.6% to 5.625% Serial and Term Bonds maturing in varying installments through 2012	185,885	—	(10,490)	175,395	10,975

Description	Balance at Oct. 31, 1999	Issued	Retired	Balance at Oct. 31, 2000	Amount Due Within 1 Year
(in thousands)					
(variable rates cover fiscal year 2000)					
1997 Series A & B Multi-Family Housing Revenue Bond Program—3.7% to 5.875% Serial and Term Bonds maturing in varying installments through 2018	24,335	—	(780)	23,555	890
1997 Series C Multi-Family Housing Revenue Bond Program—6.73% Term Bonds maturing in varying installments through 2011	29,285	—	(1,300)	27,985	1,785
1998 Series A Multi-Family Housing Revenue Bond Program—6.84% Term Bonds maturing in varying installments through 2030	57,800	—	—	57,800	300
1998 Series B Multi-Family Housing Revenue Bond Program—3.75% to 5.25% Serial and Term Bonds maturing in varying installments through 2031	21,380	—	—	21,380	—
1999 Series A-1 & A-2 Multi-Family Housing Revenue Bond Program—5.83% to 6.06% Term Bonds maturing in varying installments through 2022 and 5.13% to 5.54% Variable Rate Bonds due upon demand through 2037	66,600	—	(1,600)	65,000	1,700
1999 Series B-1 & B-2 Multi-Family Housing Revenue Bond Program—6.83% to 7.32% Term Bonds maturing in varying installments through 2022 and 5.652% Variable Rate Bonds due upon demand through 2031	40,200	—	—	40,200	—
1999 Series C Multi-Family Housing Revenue Bond Program—4.4% to 5.7% Serial and Term Bonds maturing in varying installments through 2031	9,800	—	—	9,800	—
1999 Series D Multi-Family Housing Revenue Bond Program—3.75% to 5.5% Serial and Term Bonds maturing in varying installments through 2019	8,110	—	—	8,110	245
1999 Series E Multi-Family Housing Revenue Bond Program—4.4% to 6.25% Serial and Term Bonds maturing in varying installments through 2036	—	10,715	—	10,715	—
2000 Series A & B Multi-Family Housing Revenue Bond Program—4.65% to 7.79% Serial and Term Bonds maturing in varying installments through 2032	—	36,240	—	36,240	—
Total Housing Revenue Bond Program	**$ 595,095**	**46,955**	**(19,935)**	**622,115**	**21,570**
80/20:					
1989 Series A Upper Fifth Avenue Project—2.9% to 5.8% Variable Rate Bonds due upon demand through 2016	$ 10,000	—	—	10,000	—
1989 Series A Queenswood Apartments—2.60% to 5.65% Variable Rate Bonds due upon demand through 2017	11,600	—	—	11,600	—
1993 Series A Columbus Gardens Project—2.6% to 5.8% Variable Rate Bonds due upon demand through 2007	24,200	—	(24,200)	—	—
1993 Series A & B and 1995 Series A Manhattan Park—6.25% to 8% Term Bonds maturing in varying installments through 2030	157,605	—	(1,480)	156,125	1,600
1993 Series A Manhattan West Development—5.7% Term Bonds maturing in varying installments through 2036	141,735	—	—	141,735	—
1994 Series A James Tower Development—2.7% to 5.7% Variable Rate Bonds maturing in varying installments through 2005	24,100	—	(700)	23,400	700

Description	Balance at Oct. 31, 1999	Issued	Retired	Balance at Oct. 31, 2000	Amount Due Within 1 Year
(in thousands)					
(variable rates cover fiscal year 2000)					
1995 Series A Columbus Apartments Development—2.7% to 5.7% Variable Rate Bonds maturing in varying installments through 2025	22,570	—	(300)	22,270	200
1996 Series A West 89th Street Development—2.95% to 5.55% Variable Rate Bonds due upon demand through 2029	53,000	—	(53,000)	—	—
1996 Series A Barclay Avenue Development—5.75% to 6.6% Term Bonds maturing in varying installments through 2033	5,550	—	(50)	5,500	50
1997 Series A Related-Columbus Green Project—2.7% to 5.7% Variable Rate Bonds due upon demand through 2019	13,775	—	—	13,775	—
1997 Series A Related-Carnegie Park Project—2.7% to 5.7% Variable Rate Bonds due upon demand through 2019	66,800	—	—	66,800	—
1997 Series A Related-Monterey Project—2.7% to 5.7% Variable Rate Bonds due upon demand through 2019	104,600	—	—	104,600	—
1997 Series A Related-Tribeca Tower Project—2.7% to 5.7% Variable Rate Bonds due upon demand through 2019	55,000	—	—	55,000	—
1998 Series A & B Parkgate Development Project—2.6% to 6.65% Variable Rate Bonds due upon demand through 2028	37,115	—	(300)	36,815	—
1998 Series A & B One Columbus Place Project—2.7% to 6.65% Variable Rate Bonds due upon demand through 2028	149,200	—	(1,100)	148,100	1,200
1998 Series A & B Related Broadway Project—2.85% to 6.65% Variable Rate Bonds due upon demand through 2031	89,000	—	—	89,000	—
1998 Series A & B Jane Street Development—2.7% to 5.95% Variable Rate Bonds due upon demand through 2028	17,775	—	(200)	17,575	200
1999 Series A & B West 43rd Street Project—2.7% to 6.65% Variable Rate Bonds due upon demand through 2029	55,720	—	(400)	55,320	400
1999 Series A Brittany Development Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2029	57,000	—	—	57,000	—
1999 Series A & B West 54th Street Development—2.7% to 7.25% Variable Rate Bonds due upon demand through 2032	—	60,400	—	60,400	—
2000 Series A Related West 89th Development—3.05% to 5.7% Variable Rate Bonds due upon demand through 2029	—	53,000	—	53,000	—
2000 Series A Westmont Apartments—3.1% to 5.25% Variable Rate Bonds due upon demand through 2030	—	24,200	—	24,200	—
2000 Series A West 26th Street Development—6.65% to 6.95% Variable Rate Bonds due upon demand through 2033	—	72,100	—	72,100	—
Total 80/20	**$1,096,345**	**209,700**	**(81,730)**	**1,224,315**	**4,350**

Description	Balance at Oct. 31, 1999	Issued	Retired	Balance at Oct. 31, 2000	Amount Due Within 1 Year
(in thousands)					
(variable rates cover fiscal year 2000)					
100% Low-Income Tax-Exempt Bond Program:					
1997 Series A Third Avenue Project—3.3% to 3.95% Variable Rate Bonds due upon demand through 2029	2,500	—	(2,500)	—	—
1997 Series A Lenox Avenue Project—3.3% to 3.75% Variable Rate Bonds due upon demand through 2029	1,700	—	(1,700)	—	—
1997 Series A Gerard Court Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2029	8,100	—	(8,100)	—	—
1997 Series A River Court Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2029	8,100	—	(8,100)	—	—
1998 Series A Crotona Avenue Project—3.3% to 3.75% Variable Rate Bonds due upon demand through 2030	6,200	—	(6,200)	—	—
1998 Series A Related-Second Avenue Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2030	3,800	—	(3,800)	—	—
1998 Series A Hoe Avenue Project—2.7% to 5.5% Variable Rate Bonds due upon demand through 2030	2,200	—	(2,200)	—	—
1998 Series A Vyse Avenue Project—2.7% to 5.5% Variable Rate Bonds due upon demand through 2030	900	—	(900)	—	—
1998 Series A Macombs Place Project—2.7% to 5.85% Variable Rate Bonds due upon demand through 2030	3,300	—	(3,300)	—	—
1998 Series A Jennings Street Project—3.25% to 3.95% Variable Rate Bonds due upon demand through 2030	6,000	—	(6,000)	—	—
1998 Series A Vermont Mews Project—2.7% to 5.85% Variable Rate Bonds due upon demand through 2030	2,800	—	(2,800)	—	—
1998 Series A Esplanade Mews Project—2.7% to 5.85% Variable Rate Bonds due upon demand through 2030	1,300	—	(1,300)	—	—
1998 Series A Quincy-Greene Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2030	4,300	—	(4,300)	—	—
1998 Series A Bedford Avenue Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2030	1,800	—	(1,800)	—	—
1999 Series A Brook Avenue Gardens Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2031	5,900	—	—	5,900	—
1999 Series A Intervale Avenue Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2031	4,900	—	(4,900)	—	—
1999 Series A Related-West 105th Street Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2031	2,500	—	—	2,500	—
1999 Series A Spring Creek III Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2031	7,000	—	—	7,000	—

Description	Balance at Oct. 31, 1999	Issued	Retired	Balance at Oct. 31, 2000	Amount Due Within 1 Year
(in thousands)					
(variable rates cover fiscal year 2000)					
1999 Series A Harmony House Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2031	3,000	—	—	3,000	—
1999 Series A Sullivan Street Project—2.7% to 5.95% Variable Rate Bonds due upon demand through 2031	1,300	—	—	1,300	—
2000 Series A St. Ann's Apartments—2.8% to 5.55% Variable Rate Bonds due upon demand through 2032	—	3,400	—	3,400	—
2000 Series A Spring Creek IV—2.8% to 5.55% Variable Rate Bonds due upon demand through 2032	—	6,000	—	6,000	—
2000 Series A Intervale II Project—2.8% to 5.55% Variable Rate Bonds due upon demand through 2032	—	5,800	—	5,800	—
2000 Series A Sackman Street project—2.8% to 5.55% Variable Rate Bonds due upon demand through 2032	—	2,400	—	2,400	—
2000 Series A East 116th Street Project—2.8% to 5.55% Variable Rate Bonds due upon demand through 2031	—	1,600	—	1,600	—
Total 100% Low-Income Tax-Exempt Bond Program	**$ 77,600**	**19,200**	**(57,900)**	**38,900**	**—**
Hospital Residence:					
1993 Series A East 17th Street Properties—1.55% to 6.1% Variable Rate Bonds maturing in varying installments through 2023	$ 34,800	—	(700)	34,100	700
1993 Series A Montefiore Medical Center—2.6% to 5.65% Variable Rate Term Bonds maturing in varying installments through 2030	8,400	—	—	8,400	—
1998 Series 1 MBIA Insured Residential Revenue Refunding Bonds—3.00% to 5.00% Periodic Auction Reset Securities maturing in varying installments through 2017	103,300	—	—	103,300	1,375
Total Hospital Residence	**$ 146,500**	**—**	**(700)**	**145,800**	**2,075**
Residential Cooperative Housing:					
1990 Series A South Williamsburg Cooperative—7.9% Term Bonds maturing in varying installments through 2023	$ 6,485	—	(6,485)	—	—
1990 Series A South Bronx Cooperative—8.1% Term Bonds maturing in varying installments through 2023	6,260	—	(6,260)	—	—
1994 Series A Maple Court Cooperative—6.22% Term Bonds maturing in varying installments through 2027	12,050	—	(155)	11,895	165
1996 Series A Maple Plaza Cooperative—6.08% Term Bonds maturing in varying installments through 2029	16,750	—	(100)	16,650	205
Total Residential Cooperative Housing	**$ 41,545**	**—**	**(13,000)**	**28,545**	**370**
Total Bonds Payable Housing Development Corporation	**$2,347,122**	**275,855**	**(182,950)**	**2,440,027**	**38,800**

Description	Balance at Oct. 31, 1999	Issued	Retired	Balance at Oct. 31, 2000	Amount Due Within 1 Year
(in thousands)					
(variable rates cover fiscal year 2000)					
Housing New York Corporation Revenue Bond Program:					
1993 Series A Refunding Bonds—4.9% to 6% Serial and Term Bonds maturing in varying installments through 2020	$ 258,690	—	—	258,690	—
Total Bonds Payable Housing New York Corporation	**$ 258,690**	—	—	**258,690**	—
Total Bonds Payable Prior to Deferred Bond Refunding Costs	**$2,605,812**	**275,855**	**(182,950)**	**2,698,717**	**38,800**
Deferred bond refunding costs	(39,166)			(35,861)	
Total Bonds Payable Net of Deferred Bond Refunding Costs	**$2,566,646**	**275,855**	**(182,950)**	**2,662,856**	**38,800**

(A) New York City Housing Development Corporation

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

(i) Multi-Family Bond Programs:

(a) Section 223(f)

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

The 1991 Multi-Unit Mortgage Refunding Bonds are special revenue obligations of the Corporation secured solely by a pledge of the FHA-insured mortgage loans and the program's assets, as well as the revenues derived from these loans and assets.

(b) Housing Revenue

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

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

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

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

On January 13, 2000, the Corporation issued $10,715,000 of its Multi-Family Housing Revenue Bonds, 1999 Series E, to finance a construction mortgage loan and, upon completion and occupancy of the project, a permanent mortgage loan, for the purpose of paying a portion of the cost of constructing and equipping a senior housing facility. The development will receive two subordinate construction loans from the Corporation, the first of which will be pledged as security on the bonds.

On September 13, 2000, the Corporation issued $36,240,000 of its 2000 Series A and 2000 Series B Multi-Family Housing Revenue Bonds, to finance construction and permanent mortgage loans and the acquisition of permanent mortgage loans for certain newly constructed or substantially rehabilitated developments. The developments under the Series B Bonds are expected to receive subordinate construction and/or permanent financing from the Corporation. The subordinate loans are not pledged as security for the 2000 Series B bonds.

(c) 80/20

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

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

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

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

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

On December 17, 1999, the Corporation issued $60,400,000 of its variable rate Multi-Family Mortgage Revenue Bonds (West 54th Street Development), 1999 Series A and B, respectively, to finance a mortgage loan for the purpose of paying the cost of acquiring, constructing and equipping a multi-family rental housing facility.

On March 2, 2000, the Corporation issued its variable rate Multi-Family Rental Housing Revenue Bonds (Related-West 89th Street Development), 2000 Series A, in the amount of $53,000,000. The bonds were issued to refinance the mortgage loan and to pay certain costs related thereto. As a result of the mortgage refinancing, the Corporation's variable rate, 1996 Series A Multi-Family Mortgage Revenue Bonds (Related-West 89th Street Development) were immediately retired.

On June 7, 2000, the Corporation issued $24,200,000 of its variable rate Multi-Family Rental Housing Revenue Bonds (Westmont Apartments), 2000 Series A, to refinance the mortgage loan and to pay certain costs related thereto. As a result of the mortgage refinancing, the Corporation's variable rate, 1993 Series A Multi-Family Mortgage Revenue Bonds (Columbus Gardens Project) were immediately retired.

The Corporation issued $72,100,000 of its variable rate Multi-Family Mortgage Revenue Bonds (West 26th Street Development), 2000 Series A, on June 29, 2000. The bonds were issued to finance a mortgage loan for the purpose of paying the cost of constructing and equipping a multi-family rental housing facility.

(d) 100% Low-Income Tax-Exempt

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

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

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

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

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

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

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

The Corporation issued $3,400,000 of its variable rate Multi-Family Mortgage Revenue Bonds (St. Ann's Apartments), 2000 Series A, on June 8, 2000. The bonds were issued to finance a portion of the costs of rehabilitating and equipping five multi-family rental-housing facilities.

On June 22, 2000, the Corporation issued two independent series of its variable rate Multi-Family Mortgage Revenue Bonds, 2000 Series A, in the amounts of $6,000,000 (Spring Creek IV Project) and $5,800,000 (Intervale II Project), to finance the mortgage loans for these projects.

On June 27, 2000, the Corporation issued $2,400,000 of its 2000 Series A, variable rate Multi-Family Mortgage Revenue Bonds (Sackman Street Project), to finance the mortgage loan for the project.

On August 10, 2000, the Corporation issued $1,600,000 of its 2000 Series A, variable rate Multi-Family Mortgage Revenue Bonds (East 116th Street Project), to finance the mortgage loan for the project.

(e) Hospital Residence

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

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

(f) Residential Cooperative Housing

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

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

(B) Housing Assistance Corporation

HAC is not authorized to issue bonds or notes.

(C) Housing New York Corporation

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

Revenue Bond Program:

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

On December 16, 1993, HNYC issued $258,690,000 of its Senior Revenue Refunding Bonds, 1993 Series A, to advance refund the Revenue Bonds, 1987 Series A. The advance refunding met the requirements of an in-substance defeasance, and, accordingly on October 31, 2000, none of the 1987 Series A Bonds are an outstanding obligation of the Corporation. At October 31, 2000, they totaled $11,026,000.

(D) New York City Residential Mortgage Insurance Corporation

REMIC is not authorized to issue bonds or notes.

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

Year Ending October 31,	HDC	HNYC
(in thousands)		
2001	$ 38,800	—
2002	44,813	—
2003	48,948	8,300
2004	55,801	8,705
2005	78,366	9,225
Thereafter	2,173,299	232,460
Totals	**$2,440,027**	**258,690**

Note 8: Consultants' Fees

New York City Housing Development Corporation

The fees paid by the Corporation for legal and consulting services in fiscal year 2000 for HDC include: $11,000 to Hawkins, Delafield and Wood; $11,000 to Epstein, Becker & Green, P.C.; $2,000 to Paradise, Alberts & Fisher, LLP for legal services. Auditing fees of $148,000 were paid to Ernst & Young. The Corporation paid consulting fees in the amount of $93,000 to Camelot Communications; $13,000 to Carlton Architecture P.C.; $5,000 to Nancy Goldstein Projects, Inc. and $9,000 to Certified Moving & Storage. For corporate reorganization services, Ms. Joan Linley was paid $23,000.

In addition, the Corporation paid legal fees of $611,000 to Hawkins, Delafield & Wood for services provided as a result of bond financings. Environmental consulting fees totaling $16,000 were paid to Allee, King, Rosen & Fleming, Inc. The Corporation has been reimbursed for the expenses set forth in this paragraph from either bond proceeds or project developers.

Note 9: Payable to The City of New York

(A) New York City Housing Development Corporation

HPD acts as the regulatory agency for the 1996 Series A Housing Revenue Bond Program mortgages, and, as such, receives servicing fees from HDC. At October 31, 2000, the 1996 Series A Housing Revenue Bond Program servicing fees payable to HPD were $28,000.

Under the Section 223(f) Housing Program the Corporation has a total liability to the City of $11,063,000.00 as of October 31, 2000 (see note 5).

Also included in this reporting classification are participation loan funds received from the City which are to be advanced to mortgagors and mortgage and investment earnings under the 1997 Series A Multi-Family Housing Revenue Bond Program and the 1995 Series A Multi-Family Housing Revenue Bond Program. Amounts advanced in 2000, included in non-operating expenses, were $13,000 in the 1995 Series A Multi-Family Housing Revenue Bond Program and $37,000 in the 1997 Series A Multi-Family Housing Revenue Bond Program. The total funds payable to the City over the life of the bond programs are $716,000 in the 1995 Series A Multi-Family Housing Revenue Bond Program and $4,970,000 in the 1997 Series A Multi-Family Housing Revenue Bond Program.

The City provided funds for a subordinate mortgage loan to Sheridan Manor which were advanced pursuant to a mortgage held and serviced by the Corporation. The total liability to the City was $18,320,000 on October 31, 2000.

The Corporation under its DSP has initiated an HPD Loan Servicing Program. From 1991 through 1999, HPD transmitted $817,410,000, and for 2000, $91,810,000 to the Corporation for this activity. At October 31, 2000, the payable to the City in the Corporate Services Fund was $102,447,000.

(B) Housing Assistance Corporation

The funds received from the City for HAC as well as any earnings on the funds (see note 3(B)) are also included in this reporting classification on the Combined Balance Sheet. At October 31, 2000, total resources payable to the City amounted to $76,048,000.

(C) Housing New York Corporation

The Corporation is servicing four loans under the Vacant Cluster Program with funds received from the City. At October 31, 2000, total funds held for the City amounted to $780,000.

Note 10: Retirement System

The Corporation and REMIC are participating employers in the New York City Employees' Retirement System (the "System") of which 12 employees of the Corporation and 2 employees of REMIC are members. The Housing Development Corporation and REMIC were not required to make any payments to New York City Employees' Retirement System for the period covering the Corporation's fiscal year.

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

Note 11: Due to the United States Government

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

A. Due to HUD

The Corporation has entered into contracts with HUD to administer housing assistance payment contracts with housing projects occupied by tenants qualifying for Section 8 housing assistance payments. Pursuant to the contracts, HUD makes annual contributions to the Corporation in an amount equal to the annual assistance payments plus an administrative fee, if applicable, for the Corporation. The Corporation receives the annual contract contributions periodically during the year and disburses funds monthly for the benefit of the covered projects. As of October 31, 2000, the Corporation held $973,000 in prefunded annual contributions. Related fees earned during fiscal year 2000 amounted to $2,245,000 and are included in the Corporate Services Fund.

On August 1, 1993, the Corporation entered into a Financial Adjustment Factor ("FAF") Refunding Agreement covering the 1993 Series A Multi-Family Housing Revenue Bond Program. Under this agreement the Corporation returns excess Section 8 subsidy funds to HUD. At October 31, 2000, this amount totaled $23,000.

B. Rebate Fund

In order to maintain the exemption from federal income tax of interest on bonds issued subsequent to January 1, 1986, the Corporation established a separate fund, the Rebate Fund, into which amounts required to be rebated to the Federal Government pursuant to Section 148 of the Code are deposited. The Code requires the payment to the United States Treasury of the excess of the amount earned on all non-purpose obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue. Project or construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Issues with respect to which all gross proceeds are expended for the governmental purpose of the issue within the required time period after the date of issue and debt service funds with annual gross earnings of less than $100,000 are exempt from this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. At October 31, 2000, HDC had set aside $1,538,000 in rebatable funds.

Note 12: Commitments

(A) New York City Housing Development Corporation

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

Year Ending October 31,	
2001	$ 1,123,000
2002	1,149,000
2003	1,149,000
2004	1,149,000
2005	1,217,000
Thereafter	12,163,000
Total	**$ 17,950,000**

For fiscal year 2000, the Corporation's rental expense amounted to $981,000.

Remaining mortgage commitments and other loan commitments at October 31, 2000 are as follows:

Mortgage Loans:	
Multi-Family Bond Programs:	
Housing Revenue	$113,697,000
80/20	91,531,000
100% Low-Income Tax-Exempt	13,510,000
Total Mortgage Loan Commitments	$218,738,000
Other Loans:	
Corporate Services	1,169,000
Total Commitments	**$219,907,000**

(B) New York City Residential Mortgage Insurance Corporation

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

Year Ending October 31,	
2001	$ 55,000
2002	56,000
2003	56,000
2004	56,000
2005	60,000
Thereafter	595,000
Total	$878,000

For fiscal year 2000, REMIC's rental expense amounted to $13,000.

As of October 31, 2000, REMIC insured loans with coverage totaling $47,071,000 and had outstanding commitments to insure loans with a maximum insurance coverage of $46,389,000.

Note 13: Contingencies

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

Note 14: Net Assets

The Corporation's Net Assets are categorized as follows:

- Restricted
- Unrestricted

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

Changes in Net Assets

The changes during 2000 in Net Assets are as follows:

	Restricted	Unrestricted	Total
Net Assets:			
Beginning of year	$247,618,000	322,178,000	569,796,000
Income	27,455,000	11,625,000	39,080,000
Distributions to NYC	—	(11,000)	(11,000)
Transfers	(26,987,000)	26,987,000	—
Net Assets:			
End of year	$248,086,000	360,779,000	608,865,000

Out of the total Unrestricted Net Assets listed below, $139,700,000 are committed to coinsurance reserves required by HUD, mortgages and other loans, and receivables purchased from New York City. An additional $140,400,000 has been designated by the Members for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has $5,800,000 in fixed assets. Funds available to HDC for future housing programs and other expenditures total $66,400,000.

Summary of Unrestricted Net Assets

Designated Assets:	
Housing Programs	$140,400,000
Existing Mortgages	89,401,000
Sale of Mortgages	1,906,000
Claim Payment Fund	20,458,000
Arbitrage purchased from New York City	24,122,000
Fixed Assets	5,870,000
Other Low Interest Loans	3,770,000
Total Designated	**$285,927,000**
Non-Designated Assets:	
Housing Development Corporation	$ 66,414,000
REMIC	6,747,000
Housing New York Corporation	1,691,000
Total Non-Designated	**$ 74,852,000**
Total Unrestricted Net Assets	**$360,779,000**

Note 15: Subsequent Events

Subsequent to October 31, 2000 and in the course of the Corporation's normal business activities, the following obligations of the Corporation have been issued:

Description	Date	Amount
(in thousands)		
2000 Series A Multi-Family Mortgage Revenue Bond Program (Linden Mews Project)—		
Variable Rate Bonds maturing in 2032	12-14-00	$ 2,800,000
2000 Series A Multi-Family Mortgage Revenue Bond Program (Marmion Avenue Project)—		
Variable Rate Bonds maturing in 2032	12-15-00	$ 6,700,000
2000 Series A Multi-Family Mortgage Revenue Bond Program (Related-15th St. Development)—		
Variable Rate Bonds maturing in 2033	12-19-00	$56,000,000
2000 Series A Multi-Family Mortgage Revenue Bond Program (55 Pierrepont Development)—		
Variable Rate Bonds maturing in 2031	12-20-00	$ 6,100,000
2000 Series A Multi-Family Mortgage Revenue Bond Program (Ogden Avenue Project)—		
Variable Rate Bonds maturing in 2032	12-28-00	$ 9,000,000
Total		**$80,600,000**

Schedule 1:

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

Housing Revenue Bond Program
Schedule of Balance Sheet Information
October 31, 2000 and 1999 (in thousands)

	2000	1999
Assets:		
Current Assets:		
Cash and investments	$ 973	2,698
Mortgage loan receivable	11,881	10,552
Accrued interest receivable	5,424	4,971
Other receivables	17	18
Other assets	17	11
Total Current Assets	**$ 18,312**	**18,250**
Noncurrent Assets:		
Cash and investments	221,188	244,381
Mortgage loan receivable	668,469	604,826
Unamortized issuance cost	4,591	4,359
Interfund receivable (payable)	(20,122)	(13,410)
Other assets	—	22
Total Noncurrent Assets	**$874,126**	**840,178**
Total Assets	**$892,438**	**858,428**
Liabilities:		
Current Liabilities:		
Bonds payable	21,570	19,585
Accrued interest payable	17,042	15,862
Accounts and other payables	6	2
Deferred fee and mortgage income	51	45
Due to the United States	996	2,722
Due to mortgagors	205	15
Total Current Liabilities	**$ 39,870**	**38,231**
Noncurrent Liabilities:		
Bonds payable (including deferred bond refunding cost)	594,701	568,795
Discount on bonds payable	(881)	(1,024)
Payable to New York City	24,034	24,522
Deferred fee and mortgage income	15,933	14,400
Due to the United States	1,539	1,222
Due to mortgagors	1,828	1,663
Total Noncurrent Liabilities	**$637,154**	**609,578**
Total Liabilities	**$677,024**	**647,809**
Net Assets:		
Restricted	215,414	210,619
Total Net Assets	**$215,414**	**210,619**
Total Liabilities and Net Assets	**$892,438**	**858,428**

Schedule 1 (continued):

Housing Revenue Bond Program
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Fiscal Years ended October 31, 2000 and 1999 (in thousands)

	2000	1999
Operating Revenues:		
Interest on loans	$ 49,467	43,501
Fees and charges	1,030	1,291
Other	60	—
Total Operating Revenues	**$ 50,557**	**44,792**
Operating Expenses:		
Interest and amortization	35,603	31,555
Services of New York City	322	324
Trustee and other fees	191	155
Amortization of debt issuance costs	406	495
Total Operating Expenses	**$ 36,522**	**32,529**
Operating Income	**$ 14,035**	**12,263**
Nonoperating Revenues (Expenses):		
Earnings on investments	12,042	11,660
Nonoperating expenses	(49)	(51)
Other	11	—
Total Nonoperating Revenues (Expenses)	**$ 12,004**	**11,609**
Income before Distributions and Transfers	**$ 26,039**	**23,872**
Operating transfers to Corporate Services Fund	(649)	(595)
Distributions	(20,595)	20,526
Change in Net Assets	**$ 4,795**	**43,803**
Total Net Assets—Beginning of Year	**210,619**	**166,816**
Total Net Assets—End of Year	**$215,414**	**210,619**

members

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

Michael W. Kelly

Jerilyn Perine
Chairperson

Harry E. Gould, Jr.

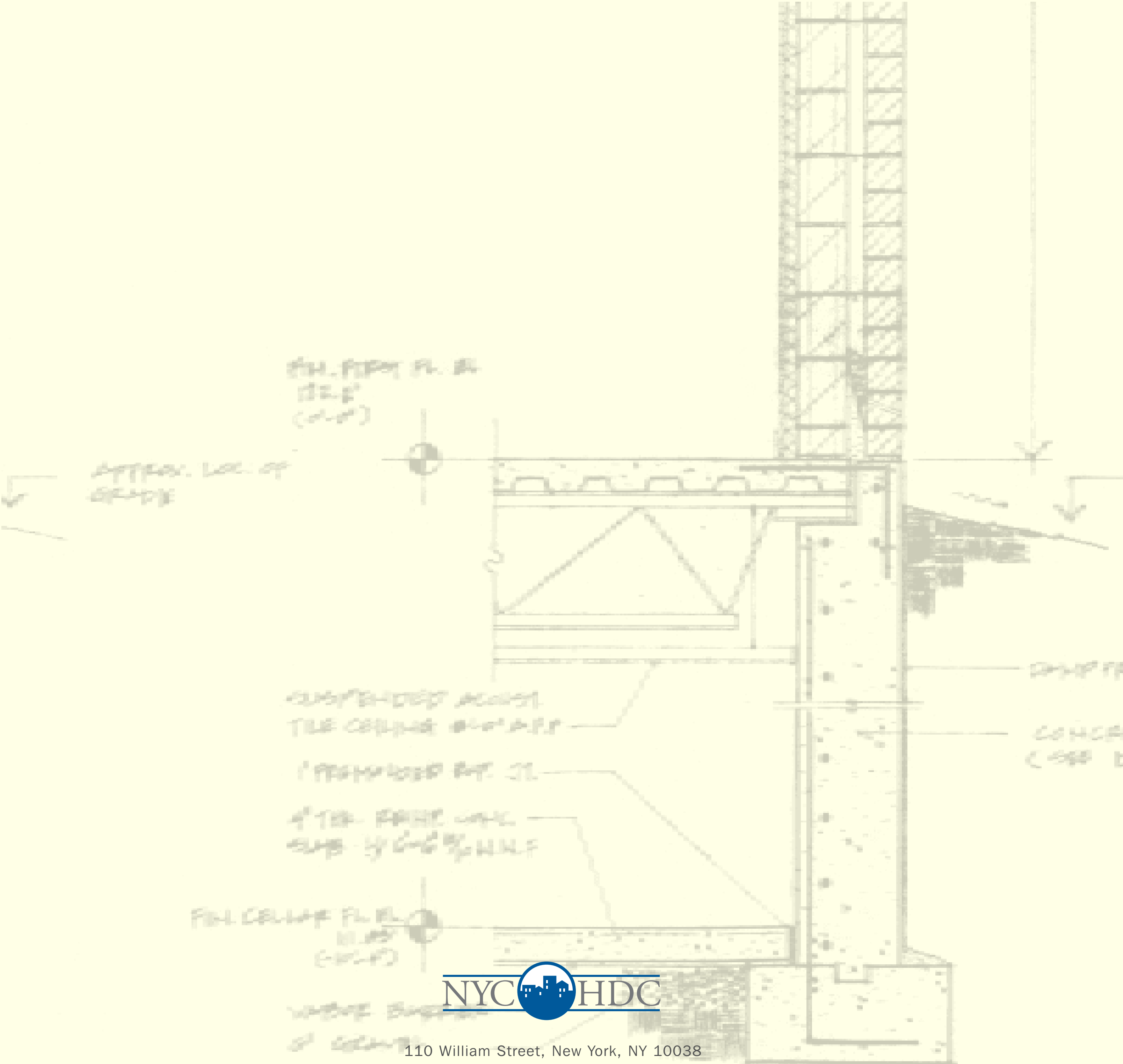
Bill Green
Vice Chairman

Charles O. Moerdler

Adam L. Barsky

Andrew S. Eristoff

Designed by Curran & Connors, Inc. / www.curran-connors.com



NYC HDC

110 William Street, New York, NY 10038