New York City Housing Development Corporation 2002 Annual Report

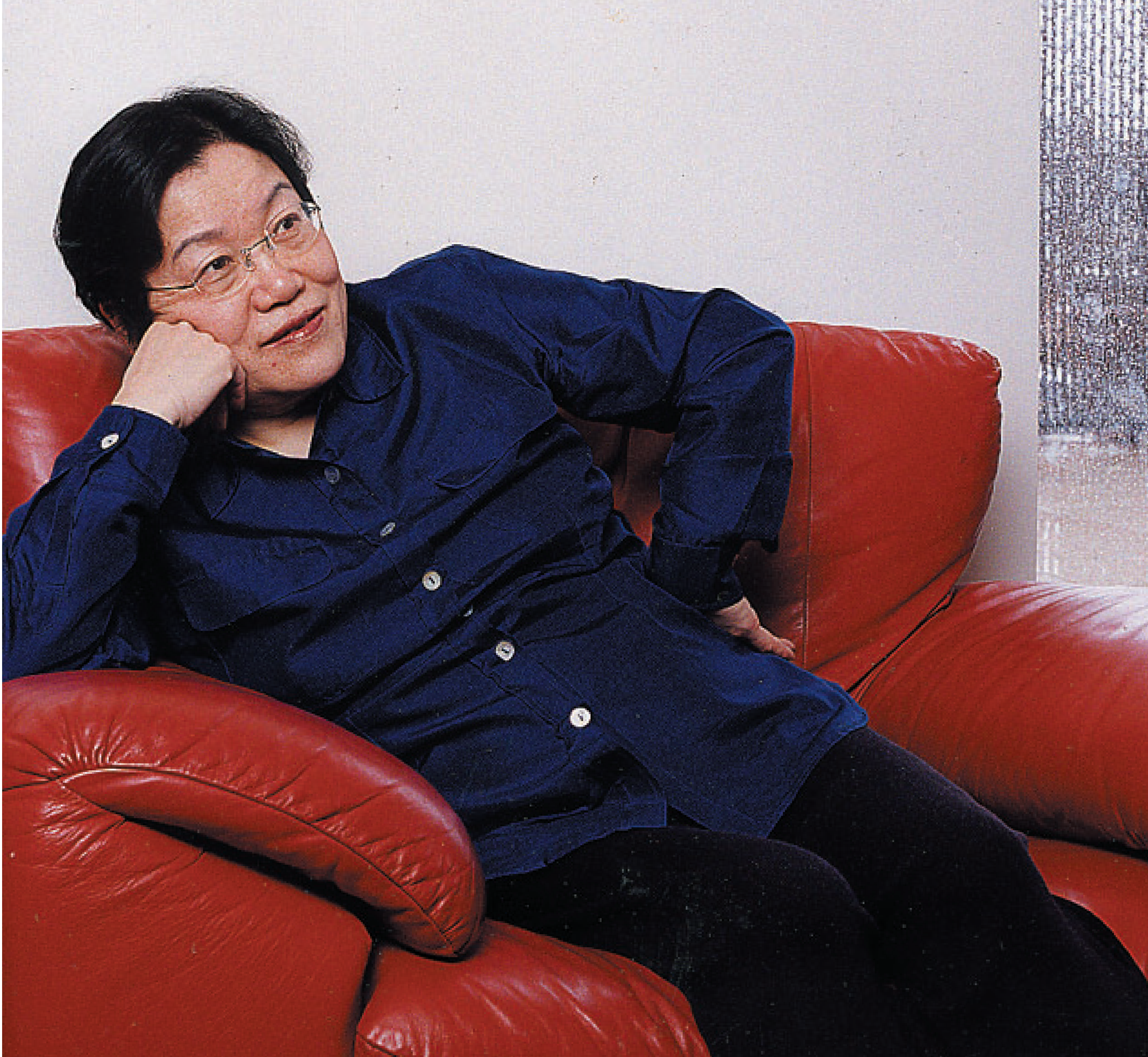
New York City Housing Development Corporation 2002 Annual Report

submitted to:
Honorable Michael R. Bloomberg, Mayor
Honorable William C. Thompson, Jr., Comptroller
Honorable Mark Page, Director of Management and Budget

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

cover photo:
Star and Star Emily Ortiz
Residents of Marmion Avenue
(Bronx) since 2002

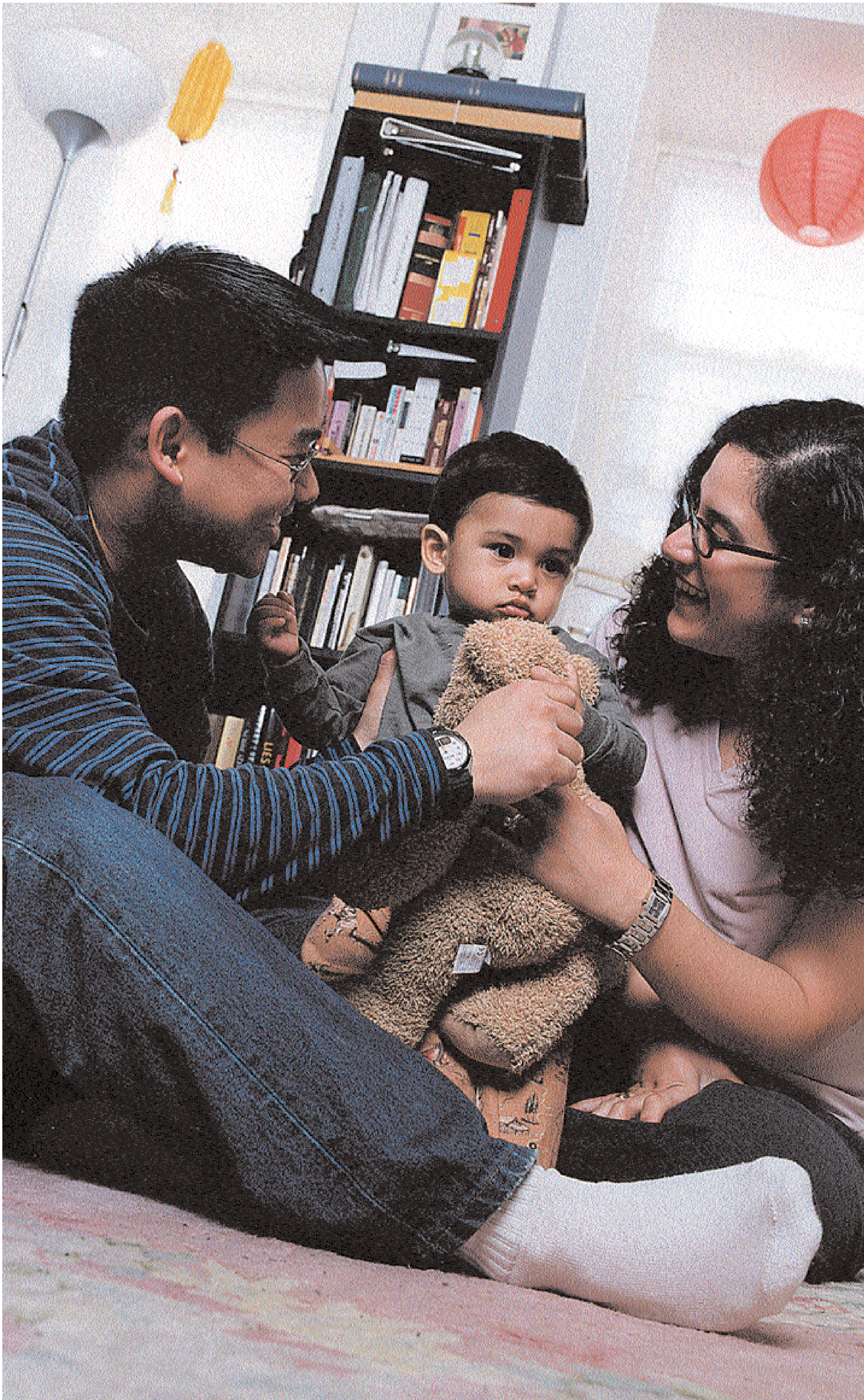
this page:
Sonya Kim
Resident of DC Colonnade
(Queens) since 2002



more than just housing.

The story of the New York City Housing Development Corporation is really many stories of the many people who seek affordable housing and more importantly, the opportunity to create a home for themselves and their loved ones. The staff of HDC work very hard to seek out and define developments that benefit New Yorkers and the communities in which they live. Developments that add vitality to these communities. Housing that becomes more than additional units. Housing that becomes what we all love to call home.

This year's annual report seeks to tell just a few of the many stories we are proud to make possible.



"We are so happy that our home is based in a such a diverse community. There are so many families with small children and they are of all races and ethnicities."

Sandra, Hans and Elias Chen
Residents of
The Clermont Armory
(Brooklyn) since 2000

meeting the challenges now and ahead.

On behalf of the Members of the New York City Housing Development Corporation (HDC or the Corporation) and its subsidiary corporations, including the New York City Residential Mortgage Insurance Corporation (REMIC), we are pleased to submit our 2002 Annual Report.

A YEAR OF CHALLENGES

Fiscal Year 2002 marked the commencement of HDC's fourth decade of financing the preservation and creation of affordable housing throughout New York City. As we had in the early 1970's when HDC was established, in 2002 we faced difficult economic conditions resulting from the national slowdown and the aftermath of the tragic events of September 11th. With HDC's corporate headquarters located in lower Manhattan, the corporation's staff pulled together and confronted the physical and emotional challenges of this year following the terrorist attack on our city. Despite these extraordinary circumstances, this past year marked a time of record housing development.

A YEAR OF LEVERAGING FINANCIAL STRENGTHS

During 2002, HDC provided financing for a record number of housing units since the passage of the Tax Reform Act of 1986. Through the issuance of $228,000,000 of tax-exempt and taxable bonds, and through the use of $43,000,000 from HDC's own reserves, HDC financed, or committed to finance, more than 2,700 units of new and rehabilitated affordable housing.

While the Corporation made great strides in meeting its mission to finance affordable housing, we did so with an ever increasing focus on the "bottom line". We reviewed and revised many of our internal procedures and furthered our commitment to automate our operations, all in an effort to reduce costs wherever possible. As a result, by the close of the fiscal year, HDC had completed one of its most profitable years.

During 2002, REMIC also experienced a banner year. Mortgage insurance certificates were issued for a record number of 47 loans covering 1,355 housing units. In addition, REMIC posted excess revenues over expenses totaling $2,400,000, the largest annual profit in REMIC's nearly 30-year history, furthering its ability to provide mortgage insurance for affordable housing developments in the future.

While HDC's story is partly told by standard yardsticks—the amount of dollars committed and the number of units financed—the bigger picture of HDC's impact, however, is revealed by the many neighborhoods and people who have benefited from HDC's affordable housing programs. The affordable housing created through HDC's programs provides a strong foundation around which people build their lives and around which communities can grow and prosper.

Harlem, in particular, is a neighborhood where over the past several years HDC financing has played an integral role. During the past year, HDC closed construction loans for three major developments to be located along Frederick Douglass Boulevard from West 117th Street to West 120th Street. This previously desolate stretch of Central Harlem will be transformed with the addition of 328 new apartments for low, moderate and middle-income families, as well as retail stores and a new home for a charter elementary school.

Through the expansion of our middle income program, the New Housing Opportunities Program (New HOP), this past year HDC also provided over $30,000,000 of financing for five limited cooperative and condominium developments in the Bradhurst area of Harlem and along Madison Avenue between East 117th and 120th Streets. When completed, 528 middle-income New York families will be home-owners, virtually all for the first time.

In addition, HDC expanded New HOP by combining the Corporation's subsidies with floating rate tax-exempt bonds to create housing affordable to families in four income categories. Under this structure a development combines market rate rental units with apartments reserved for low, moderate and middle-income families. The first New HOP mixed-income development will bring 230 rental apartments to First Avenue between East 100th and 101st Streets in East Harlem.

The Corporation not only had a record year in terms of housing production, it provided significant financial help to The City of New York through an innovative loan purchase. By issuing taxable floating rate bonds that were purchased by the Federal Home Loan Bank of New York, HDC was able to purchase a 100% interest in more than 400 City-originated loans, netting the City nearly $250,000,000.

HDC's ability to accomplish this loan purchase for the benefit of the City was based upon the financial strength of the Corporation. Whereas many private financial institutions have been down-

"I used to live in a sixth floor walk-up for over fifty years. My apartment now is more conveniently situated with better services. Life is a lot more comfortable."

Ruth Calcaterra
Resident of Carnegie East (Manhattan) since 2002

graded by the rating agencies, HDC continues to maintain a "AA" general obligation rating from Standard and Poor's; and our "Open Indenture," through which the loan purchase was accomplished, also continues to be rated AA/Aa2 by Standard and Poor's and Moody's Investors Service.

As HDC's business continues to grow, we work diligently towards improving efficiencies in order to maximize our resources and maintain our sound credit rating. In the areas of loan servicing and accounting, for example, many of the traditionally paper-based functions have become automated, freeing-up at least four days of each accountant's time per month. HDC also launched its Extranet which allows developers to track recent bills and to view mortgage loan balances and escrow through a secure online connection to HDC's server.

This year HDC also initiated a process for scanning and imaging many of its critical documents, including files for active loans, mortgages and bond issues. These documents will be made available online for employees to view, as well as archived at an off-site facility, better ensuring the documents' preservation and providing easier methods of retrieval.

Our continuous endeavor to improve business practices and internal processes reflects our ongoing commitment to achieve the highest levels of efficiency and integrity. It is this level of commitment that ensures our future as a provider of financing for safe, quality, affordable housing.

THE FUTURE—MAYOR BLOOMBERG's NEW HOUSING MARKETPLACE

Despite our production activity, the City still faces a critical housing shortage. Because of housing's importance to the long term economic prosperity of the City, Mayor Michael Bloomberg demonstrated the City's commitment to preserve and create affordable housing by unveiling the New Housing Marketplace Plan: Creating Housing for the Next Generation.

Under this innovative initiative, 65,000 units of housing will be preserved and created over the next five years. HDC will play an integral role in the implementation of this plan. By leveraging its assets to the extent necessary, HDC will provide an additional $500,000,000 of subsidies to facilitate the financing of 17,000 units of housing over the next five years.

Existing programs will be further adapted to respond to the goals of the Mayor's plan. We will expand New HOP, the Corporation's successful middle-income program, that has created nearly 5,000 units of housing since 1998. Under this program, the Corporation will set aside an additional $350,000,000 of its unrestricted reserves for this program during this time. To further stimulate the production of middle-income housing, HDC will raise the per unit and project limits on the subsidies in order to address the financial requirements of larger developments and we will seek to expand our mixed-income initiatives to develop more projects such as the one on First Avenue between East 100th and East 101st Streets in East Harlem. We will work with the City targeting New HOP to those areas of the five boroughs that are being rezoned to encourage new housing at higher densities. The Corporation will also look to provide financing for developments on former brownfield sites that are readied for residential development.

We will also expand our award winning low-income program, LAMP, through which the Corporation provides tax-exempt bond financing for apartments in which all of the units are affordable to families earning less than 60% of the City's median income. These developments have been made possible through a combination of tax-exempt financing, "as-of-right" Federal Low Income Housing Tax Credits and subsidies that have typically been provided by other agencies such as the City's Department of Housing Preservation and Development or the State's Division of Housing and Community Renewal. For the first time though, HDC will be providing subsidies in addition to tax-exempt financing to help dramatically expand the supply of low-income housing. We will set aside $100,000,000 of the Corporation's reserves over the next five years for this initiative.

Finally, HDC will set aside $50,000,000 to help preserve the supply of existing affordable housing. Many of the Mitchell-Lama developments in our own portfolio are now more than 30 years old. As the useful lives of their essential systems are aging, they will need to be replaced with new heating systems, elevators, windows and roofs. The Corporation will work with owners of these properties, as well as other federally subsidized developments, to make low-interest loans to enable the owners to renew these properties as affordable housing resources for future generations of New Yorkers.

THE FUTURE: DOWNTOWN

The United States Congress provided New York City with authority to issue $800,000,000 of tax-exempt "Liberty Bonds" through 2004 for residential development in Lower Manhattan. HDC is responsible for issuing these bonds, on behalf of the City, to spur new residential development in the City's oldest neighborhood. During the past year we have worked with the City and the Lower Manhattan Development Corporation to develop a plan to finance large scale economically diverse housing developments that will help to transform Lower Manhattan into a vibrant "24/7" community. We are hopeful that during the coming year we will be able to commit a substantial portion of these bonds to provide financing for housing in Lower Manhattan.

Building on the strengths and accomplishments of HDC's past, we look to the future with confidence. We have a strong mission and a mandate from the Mayor. We embrace the opportunities to facilitate the production of more housing, the development of more neighborhoods including the revitalization of Lower Manhattan, and the enhancement of the lives of all New Yorkers.

In this year's report, as we share many of the significant accomplishments of HDC, we focus largely on the people who reside in HDC-financed developments. No matter how we measure our success, we know that ultimately it is realized one family at a time.

Jerilyn Perine
CHAIRPERSON

"Until we moved into this apartment, we were all living apart. It's nice to be together again as a family under one roof."

Consuelo, Lina, Wendy and Karen Castillo
Residents of JC House (Queens) since 2002

"Our home is a haven away from our busy work lives where we can spend time with our baby, watch movies and relax. It's also an investment for our daughter's future."

Michael, Karen and Leah Payne
Residents of Madison Park (Manhattan) since 2002

"We are a city of more than 300 neighborhoods. They're the places we call home... where our children go to school, shopkeepers serve their customers and New Yorkers enjoy family life."

MAYOR MICHAEL R. BLOOMBERG

financing dreams

In its more than 30 years of service, HDC has provided financing for the dream of hundreds of thousands low, moderate and middle-income New Yorkers—the dream of living in safe, quality and affordable housing. For some living in an HDC-financed development means the convenience of living closer to where they work, go to school and shop. For many, HDC financed developments enable families to continue to afford living in the neighborhood in which they were born and raised. For others, new housing provides new opportunities for a better life for those relocating from within and without the City.

During 2002, HDC set new records by originating, committing or completing the re-financings of developments totaling $519 million creating 4,871 units of housing that will become home for many of New York City's hard-working families and individuals.

Beyond the financing of housing, these developments preserve and strengthen the character and heritage of our existing neighborhoods, and create the opportunity for future neighborhoods to grow and prosper.

programs that work

HDC's achievements of the past in financing affordable housing have helped to alleviate New York City's housing shortage. However, it is far from being remedied.

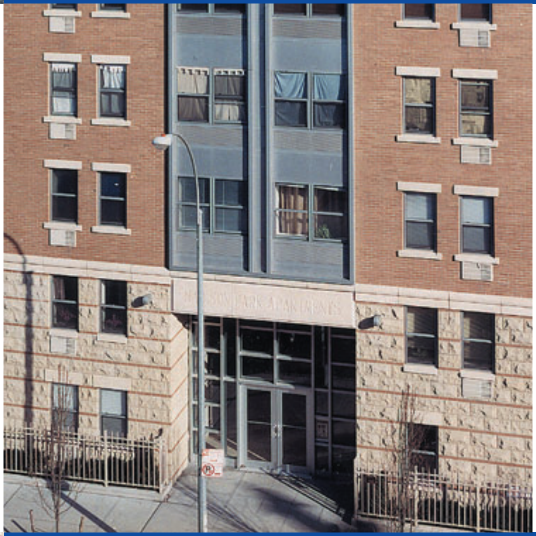
Year after year, HDC stands by its mission to further the production of affordable housing and to build opportunities for families to live in safe, quality housing. The Corporation's commitment to its mission

right:
Triangle Court
Manhattan/91 units
New HOP

below left
Queensway
Queens/122 units
New HOP

right:
Madison Park
Manhattan/128 units
New HOP

below:
Ogden Avenue
Bronx/120 units
LAMP



right:
Degraw Street
Brooklyn/90 units
New HOP

below:
Spring Creek Apartments
Brooklyn/83 units
LAMP

left:
Harlem Gateway
Manhattan/50 units
New HOP

below right:
Putnam Avenue
Bronx/91 units
New HOP

is demonstrated by HDC's ability to create and adapt programs to meet the ever-changing economic conditions of the time. Currently, HDC finances programs to create low, moderate, middle, and mixed-income rental and owner occupied multi-family housing.

LOW-INCOME AFFORDABLE MARKET-PLACE PROGRAM (LAMP, FORMERLY THE 100% LITE PROGRAM)

Started in 1997, HDC's LAMP program was initiated to expand funding opportunities for the production of housing in traditionally underserved neighborhoods of the City. This program serves the City's population that earns less than 60% of the area median income (AMI), or $37,680 for a family of four. Financing for LAMP developments is provided through the issuance of tax-exempt bonds and Federal Low-Income Housing Tax Credit.

Since its inception, HDC has issued or committed to issue $225 million in tax-exempt bonds creating more than 3,150 affordable housing units in all five boroughs.

NEW HOUSING OPPORTUNITIES PROGRAM (NEW HOP)

For the past several decades, the market has been unable to produce sufficient quantities of new rental and cooperative and condominium housing development in New York City that are affordable to moderate- and middle-income residents. HDC designed its New Housing Opportunities Program to meet the growing demand for new middle-income housing and to provide opportunities for home-ownership.

Using HDC proceeds from taxable bonds, New HOP provides construction and permanent financing for the development of rental and cooperative and condominium housing projects. Subsidies for the developments are provided from HDC's unrestricted corporate reserves in the form of low interest second mortgage loans.

In 2002, under this program, HDC financed 528 new cooperative and condominium units—the most in the Corporation's history. Since the start of the program, in 1997, HDC has provided financing or committed to finance $635 million in mortgages, creating 4,700 units of housing.

MIXED-INCOME

Through the mixed-income 80/20 program, HDC has been able to provide many families, with varying levels of income, with the opportunity of living in affordable apartments. With the level of success that the Corporation has achieved under this program, HDC has created variations of the 80/20 program in order to maximize its reach.

Currently, HDC has three distinct mixed-income programs that utilize financing under this initiative:

- **80/20 Tax-Exempt – Low-income**

  The Tax-Exempt 80/20 program is one of HDC's oldest, which started in 1984. Through this financing structure, 80% of a development's apartments are rented at market-rate, while the remaining 20% are set-aside for households making no more than 50% of the area median income, or $31,400 for a family of four. To date, HDC has provided nearly $1.5 billion in financing to spur the creation of nearly 7,800 units of housing.

"I love this area of the Bronx. It's important to me that we live close to my mother and Yanira's grandmother. We love to spend time together on the weekends and go to the park across the street."

Nancy and Yanira Reyes
Residents of Marmion Avenue (Bronx) since 2002

affordable housing. quality homes.

- **80/20 Taxable—Moderate-income**

  The success of the Tax-Exempt 80/20 program and the need to create more affordable apartments for the growing moderate income population led HDC to create the Taxable 80/20 program. HDC provides developers with taxable bond financing in return for setting aside 20% of the units for families earning no more than 80% of AMI. Under this program HDC has issued $135 million in taxable bonds under this program containing 616 units of housing.

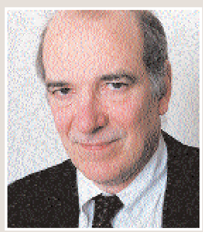
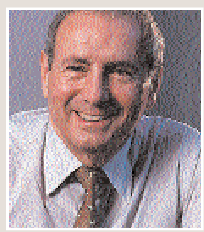
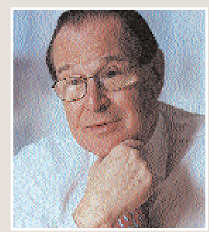
- **New HOP 80/20**

  This past year, through the marriage of two of HDC's leading programs, the Corporation initiated the New HOP 80/20, mixed-income program. This financing structure spurs the development of low, moderate and market rate units, all in one building. In 2002, HDC financed a new 231 unit rental building located on First Avenue between East 100th and 101st Streets — the first development to use financing under this program.

ASSISTED-LIVING (MIXED AND MIDDLE-INCOME PROGRAM)

Housing choices for New York's senior citizens have been limited to independent living facilities without services or nursing homes that cater to a very frail population.

Over the past decade, a new housing option has become available to the elderly who are not in need of the high level of services provided by a nursing home. Assisted living developments provide a level of services that is better fitted to the individual needs of the residents. Generally, these residences provide assistance with activities of daily living, e.g., meals, bathing, transportation, etc., but they do not provide medical services. Until recently, however, assisted living has only been available to high-income seniors. Since 1998, HDC has provided over $60 million to finance the creation of more than 300 such affordable units.

The New York City Housing Development Corporation (HDC) is a public benefit corporation governed by a seven-member body. Pictured from left to right are Jerilyn Perine, the Commissioner of the New York City Department of Housing Preservation and Development (HPD), serves as ex-officio Chairperson, Martha E. Stark, the Commissioner of the New York City Department of Finance (DOF) and Mark Page, the Director of the Office of Management and Budget (OMB) also serve as ex-officio members. The Mayor and Governor both appoint two members to HDC's governing body. Harry E. Gould Jr., is a Mayoral appointee. Michael W. Kelly and Charles O. Moerdler were appointed by the Governor.

“ This apartment is the
first real place I’ve lived since
I graduated from school. For
the first time, I’m somewhere
permanent and have thrown
out all my moving boxes.”

Jennifer Chung
Resident of North Main Towers
(Queens) since 2001

Melissa Barkan
Polly Bascom
Cathleen Baumann
Denis Belic
Roger Bellegarde
Megan Black
Helen Bojceniuk
Juliet Bolden
Geraldine Brown
David Browne
Clytie Brusch
Stacey Burress
Joanne Cambridge
Maria Carpio
Christine Chan
Evelyn Chen
Ping Choi
Farina Cocker
Adelaida Colon
Letisha Day
Keith Dealissia
Rhoda Deane-Yhap
Louis DeLuca
Nicole DeNoia
Jeffrey DeVito
Loa Estrella
John Fagan
Clarissa Fils-Aime
Denise Finnegan
Serena Fung
Teresa Gigliello
Yvonne Glenn
Lisa Gomez
Randi Gordon
Rachel Grossman
John Grygiel
Steven Ignatiou
Shirley Jarvis
Mary John
Peggy Joseph
Darryl Kendrick
Jeffrey Koch
Zuanett Koonce
Madhavi Kulkarni
Valerie Anne LaFrenier
Michael Lam
Charlena Lance
Israel LaSalle
Armando LaTorre
Delia Lau
Jackie Lau
Nancy Lauck
Uyen Luu
Peter Malecki
Sylvia Martinez
Karen Mattics-Santiago
Mary McConnell
Sonia Medina
Debbie Merritt-Ford
Kenneth Mertz
Lucille Messina
Michelle Mok
Kevin Moore
Ana Morales
Ruth Moreira
Joan Morrison
Urmas Naeris
Stephen Nagy
Yaffa Oldak
Susan O'Neill
Omega Ortiz
Tracy Paurowski
Paris Pelham
Doris Perez
Lisa Perillo
Joseph Perrone
James Petrone
Virginia Philpott
Diane Pugacz
James Quinlivan
Karyn Raguette
Roberto Ramirez
Percival Rennie
John Richards
June Ricketts
Jose Rivera
Violine Roberty
Gary Rodney
Sithichai Salacheep
Sylvia Santiago
Betty Scarlett
Frieda Schwartz
Bharat Shah
Bonnie Sprung
James Tafuro
Joan Tally
Irene Tang
Shirell Taylor
Paulette Todman
Tamie Trans-Le
William Traylor
Seymour Trommer
Patricia Waller
Micah Watts
Mark Weiss
Joy Willig
Nancy Wolf
Mary Wu
Simon Wu
Irene Yau
Henry Yee
Annie Yiu
Cheuk Yu
Yvette Yuille

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
Queens		
Ocean Park	$ 18,265,900	602
Total	**$ 158,050,130**	**4,039**

Mitchell-Lama (223-F Refinancings)

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

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

Project Name	Loan Amount	Number of Units
Manhattan		
1199 Plaza	$ 39,920,500	1,586
Beekman Staff Residence	$ 1,226,300	90
Bethune Towers	$ 1,518,400	133
Clinton Towers	$ 10,298,500	396
Columbus House	$ 3,502,500	248
Columbus Manor	$ 2,500,000	202
Columbus Park	$ 1,467,900	162
Confucius Plaza	$ 23,390,400	760
Cooper-Gramercy	$ 4,766,100	167
East Midtown Plaza	$ 17,157,400	746
Esplanade Gardens	$ 14,437,500	1,870
Glenn Gardens	$ 8,196,000	266
Goddard Towers	$ 2,381,600	193
Gouveneur Gardens	$ 5,993,600	778
Heywood Towers	$ 5,398,100	188
Hudsonview Terrace	$ 11,546,500	395
Jefferson Towers	$ 1,619,000	189
Lands End I	$ 7,226,800	250
Leader House	$ 6,269,400	279
Lincoln-Amsterdam	$ 6,031,500	186
New Amsterdam House	$ 6,461,300	228
RNA House	$ 1,841,600	207
Riverbend	$ 8,267,900	622
Riverside Park	$ 26,028,300	1,190
Rosalie Manning Apts.	$ 903,800	108
Ruppert House	$ 16,778,000	652
St. Martin’s Tower	$ 2,865,500	179
Strycker’s Bay	$ 1,971,800	233
Tower West	$ 3,996,100	216
Town House West	$ 1,100,000	47
Tri-Faith House	$ 1,494,800	147
Trinity House	$ 2,540,500	199
Village East Towers	$ 3,560,600	434
Washington Sq., S.E.	$ 1,905,200	174
West Side Manor	$ 3,147,200	245
West Village	$ 12,034,500	420
Westview Apartments	$ 1,656,000	137
Westwood House	$ 1,500,000	124
Queens		
Bay Towers	$ 5,476,900	374
Bridgeview III	$ 1,951,600	170
Court Plaza	$ 5,370,800	246
Dayton Towers	$ 14,871,800	1,752
Forest Hills Crescent	$ 1,757,600	240
Goodwill Terrace	$ 3,606,100	207
Seaview Towers	$ 13,264,700	461
Staten Island		
North Shore Plaza	$ 17,156,100	535
Total	**$ 483,115,600**	**27,888**

Section 8 Program

Project Name	Loan Amount	Number of Units
Bronx		
Brookhaven I	$ 5,673,500	95
Clinton Arms	$ 4,962,700	86
Felisa Rincon de Gautier Houses	$ 7,420,400	109
McGee Hill Apts.	$ 4,034,980	59
McKinley Manor	$ 3,738,100	60
Miramar Court	$ 4,895,900	90
Rainbow Plaza	$ 9,088,200	127
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
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	**$ 191,555,280**	**2,958**

80/20 New Construction Program

Project Name	Loan Amount	Number of Units
Manhattan		
130 West 15th Street	$ 56,000,000	213
520 West 43rd Street	$ 55,070,000	375
520 West 48th Street	$ 22,500,000	109
400 West 59th Street	$ 150,000,000	722
189 West 89th Street	$ 53,000,000	265
251 West 94th Street	$ 91,000,000	285
Chelsea Centro	$ 88,320,000	356
600 Columbus	$ 24,600,000	166
The Brittany	$ 57,000,000	272
Carnegie Park	$ 70,000,000	462
Columbus Green	$ 14,500,000	95
The Foundry	$ 60,400,000	222
James Tower	$ 30,000,000	201
Manhattan Park/Roosevelt Isl.	$ 158,466,700	1,107
The Monterey	$ 104,600,000	522
Ninth Avenue Development	$ 45,040,000	259
Keywest	$ 49,000,000	207
West 55th Street and 10th Avenue	$ 130,000,000	370

80/20 New Construction Program *(continued)*

Project Name	Loan Amount	Number of Units
Tribeca Tower	$ 55,000,000	440
Village West (Jane Street)	$ 18,675,000	148
West End Towers	$ 156,086,600	1,000
The Westmont	$ 32,000,000	163
Queens		
The Bristol	$ 5,620,000	66
Total	**$1,526,878,300**	**8,025**

Hospital Staff Housing

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

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/Senior Housing Program

Project Name	1st Mortage Amount	2nd Mortgage Amount	Number of Units
Manhattan			
de Sales Assisted Living Project	$20,665,000	$ 960,000	127
Carnegie East	$30,115,000	$ -	104
Village Care	$10,350,000	$ 2,000,000	85
Brooklyn			
55 Pierrepont Development	$ 6,100,000	$ -	189
Total	**$67,230,000**	**$ 2,960,000**	**505**

Low-Income Affordable Market-Place Program (formerly 100% LITE)

Project Name	Loan Amount	Number of Units
Bronx		
638 Sagamore Street	$ 6,250,000	84
725 & 737 Fox Street	$ 7,000,000	106
900 Ogden Avenue	$ 9,000,000	120
450 - 452 East 148th Street	$ 2,900,000	34
Nelson Senior Houses	$ 6,000,000	82
St. Ann's Apartments	$ 3,400,000	60
1314 Nelson Avenue	$ 9,200,000	115
2035 Marmion Avenue	$ 3,300,000	90

Low-Income Affordable Market-Place Programs *(continued)*

Project Name		Loan Amount	Number of Units
Brooklyn			
219 Sackman Street	$	2,400,000	38
500 Nostrand Avenue	$	3,212,000	46
Fountains at Spring Creek	$	7,500,000	102
Linden Mews	$	1,230,000	36
Spring Creek IV	$	2,620,000	83
1120-22 Madison Street	$	670,000	16
Manhattan			
Lafayette Gardens	$	3,700,000	47
75 East 116th Street	$	11,440,000	130
55 West 129th Street	$	1,818,000	36
216 & 224 West 141st Street	$	1,342,000	31
229-31 East 105th Street	$	2,635,000	55
542-48 & 552-58 West 149th Street	$	1,659,000	36
144 West 144th Street	$	675,000	16
55 East 130th Street	$	968,000	25
203-215 West 148th Street	$	6,800,000	87
Queens			
Wavecrest	$	5,600,000	122
Total	**$**	**104,231,532**	**1,675**

Middle-Income Rental and Ownership Program

Project Name		1st Loan Amount		2nd Loan Amount	Number of Units	(R) (O)
(R)=Rental; (0)=Ownership						
Bronx						
2051 Grand Concourse*	$	4,450,000			63	R
3815 Putnam Avenue	$	8,290,000	$	1,820,000	91	R
Beechwood at Needham	$	4,400,000	$	1,600,000	47	R
Daly Avenue	$	2,048,304			32	O
Palmer Court	$	12,100,000	$	3,040,000	135	R
St. Edmond's Court	$	5,550,000			111	R
Tremont-Vyse I	$	1,536,228			24	O
Tremont-Vyse II	$	1,152,171			18	O
Tremont-Vyse III	$	1,920,285			30	O
Brooklyn						
1010 Development*	$	919,800			16	R
139 Emerson Place	$	4,000,000	$	1,250,000	50	R
167 Clermont Avenue	$	10,340,000	$	2,200,000	110	R
196 Rockaway Parkway	$	2,617,000			71	R
1961 Ralph Avenue	$	9,190,000	$	2,330,000	72	R
255 Ocean Avenue	$	1,808,000			40	R
277 Gates Avenue	$	2,500,000	$	875,000	35	R
287 Prospect Avenue	$	4,740,000	$	886,000	52	R
405 Development	$	945,000			24	R
421 DeGraw Street	$	7,713,000	$	1,710,000	90	R
471 Vanderbilt Avenue	$	2,327,269	$	520,000	26	R
597 Grand Avenue	$	3,617,000	$	1,462,000	52	R
64 West 9th Street	$	3,060,000	$	725,000	26	R
79 Clifton Place	$	3,800,000	$	720,000	40	R
800 Bergen Street	$	1,570,000	$	1,280,000	32	R
893-895 Pacific Street	$	1,490,000	$	200,000	16	R
Golden Gates Apts.	$	4,225,000			85	R
South Williamsburg	$	6,645,000			105	O
50 Greene Avenue	$	3,619,000	$	1,322,100	39	R

Middle-Income Rental and Ownership Program *(continued)*

Project Name		1st Loan Amount		2nd Loan Amount	Number of Units	(R) (O)
(R)=Rental; (0)=Ownership						
Manhattan						
1400 Fifth Avenue	$	1,920,000			129	O
170 East 108th Street	$	1,530,000	$	250,000	17	R
202-218 West 148th St.	$	6,550,000	$	3,300,000	100	R
Triangle Court I	$	3,820,000	$	1,275,000	51	R
2232, 2295-97 First Ave.	$	1,910,000	$	630,000	21	R
235-247 East 105th St.	$	3,800,000	$	1,800,000	48	R
279 West 117th Street	$	18,770,000	$	3,492,000	138	R
306-318 West 117th St.	$	17,600,000	$	3,816,000	90	R
351 East 4th Street	$	3,460,000	$	869,000	33	R
394 East 8th Street	$	4,047,000	$	950,000	38	R
Bradhurst Court	$	4,000,000	$	4,000,000	126	O
Harlem Gateway I	$	4,570,000	$	1,530,000	50	R
Harriet Tubman Apts	$	2,960,000	$	2,960,000	74	O
Logan Plaza*	$	10,291,000	$	1,845,407	130	R
Madison Park Apartments	$	3,750,000	$	3,750,000	129	O
Madison Plaza	$	3,680,000	$	3,680,000	92	O
Maple Court	$	11,863,627			135	O
Maple Plaza	$	16,750,000	$	1,860,000	155	O
The Renaissance	$	31,615,000	$	6,935,000	241	O
Triangle Court II	$	3,400,000	$	106,000	40	R
Two Bridges	$	7,541,997	$	700,000	198	R
Upper Fifth Avenue	$	10,000,000	$	9,245,100	151	R
West 144th Street	$	5,820,000	$	3,800,000	110	R
The Hamilton	$	3,040,000	$	3,040,000	77	O
The Washington	$	3,380,000	$	3,380,000	104	O
Queens						
136-14 Northern Blvd.	$	7,000,000	$	1,950,000	60	R
136-43 37th Avenue	$	6,685,000	$	480,000	60	R
137-02 Northern Blvd.	$	7,200,000	$	1,775,000	71	R
140-26 Franklin Avenue	$	5,451,000	$	1,415,000	54	R
14-56 31st Drive	$	7,400,000	$	1,450,000	60	R
32-08 Union Street	$	2,770,000	$	642,500	25	R
46-19 88th Street	$	1,320,000	$	425,000	17	R
58-12 Queens Boulevard	$	15,075,000	$	2,250,000	122	R
65-84 & 66-08 Austin St.	$	12,000,000	$	2,250,000	132	R
71 Ave. & Parsons Blvd.	$	17,200,000	$	2,650,000	137	R
99-22 67th Road	$	3,390,000	$	1,010,000	29	R
Astoria Apartments	$	2,193,200	$	3,951,500	62	R
Bayside Gardens	$	2,092,000	$	500,000	26	R
Beach 94 St. (Shoreview)	$	7,640,000	$	2,240,000	92	R
Queenswood	$	10,800,000	$	17,929,100	296	R
Scheur House of Flushing*	$	13,229,700			155	R
Staten Island						
Celebration Townhouse	$	9,798,000			74	O
Harbour View*	$	9,713,500			122	R
Total	**$**	**428,454,081**	**$**	**141,216,707**	**5,603**	

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

Rehabilitation Loan Program

Project Name		Loan Amount	Number of Units
Bronx			
Allerton Coops	$	6,094,365	698
1290/1326 Grand Concourse	$	2,412,200	104
Artist's Housing	$	915,400	23
Brook Avenue Gardens	$	2,750,000	79
Red Maple Ct. 591 East 165 Street	$	239,400	30
Robin Housing	$	1,883,100	101
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	$	8,310,000	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	$	987,383	85
240 East 175th Street	$	963,750	119
1227 Boston Rd, 750 East 169 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 and 889 Hunts Point Avenue	$	1,237,161	45
263 East Tremont Avenue & 1911 Anthony Avenue	$	1,207,706	31
309 Alexander Avenue	$	222,000	11
Walton Morris Cluster	$	1,896,000	206
Brooklyn			
217 Ocean Avenue	$	499,765	49
285 Development	$	1,800,000	58
Clarkson Gardens	$	2,000,000	105
Willoughby/Wyckoff Apts	$	1,162,786	68
Woodruff Apartments	$	1,463,700	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
709-715 Lafayette Avenue	$	815,000	24
201 Pulaski St & 305 Franklin Ave	$	590,712	17
455 Decatur Street	$	255,850	8
1037-1039 Bergen Street	$	654,949	24
340 South Third Street	$	129,230	41
218 St. James Place	$	250,000	12
36 Cooke Avenue	$	1,108,869	71
1469-71 Bedford Avenue	$	956,725	27
530 Herzl Street	$	1,210,713	44

Rehabilitation Loan Program *(continued)*

Project Name		Loan Amount	Number of Units
Manhattan			
Kamol Apartments	$	995,735	48
Revive 103 North	$	978,600	30
110 West 111th Street	$	550,080	48
1-7 West 137th Street	$	602,000	51
9 West 137th Street	$	270,329	17
557 Academy Street	$	549,147	18
2445-9 Frederick Douglass Blvd	$	1,677,000	39
230-45, 255-9 West 116 St.	$	2,537,000	59
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
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	$	265,735	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
2245, 2259, et al. Adam Clayton Powell Jr. Blvd	$	406,086	26
326 & 340 Pleasant Avenue	$	629,500	10
2006 Amsterdam Avenue	$	1,049,514	21
349-359 Lenox Avenue	$	761,000	26
67 Macombs Place & 259 W. 152nd St.	$	1,603,600	58
160-66 Morningside Avenue	$	694,871	29
30-32 Bradhurst Avenue	$	1,070,000	25
1860-62 Lexington Avenue	$	475,000	18
80, 88-90 Edgecombe Avenue	$	885,224	66
Queens			
Met Houses III	$	5,432,051	468
Total	**$**	**88,366,539**	**5,538**

During the past year, three former and current Members of the Corporation, who were an integral part of the history of HDC, passed away.

ALBERT A. WALSH

Al Walsh, the first Chairman of the Corporation, set the standard for excellence, compassion and innovation which still guides HDC. In his many public and private roles, he helped alter the face of New York City housing and was a source of inspiration for all those whose lives he touched.

BILL GREEN

Bill Green had a long and illustrious career helping to shape the future of housing in New York City and across the country. As a Regional Administrator of HUD, as a seven-term Congressman and as a member of many boards, including HDC and REMIC, Bill Green's commitment to public service left a lasting impact on the City he loved.

ANTHONY GLIEDMAN

Tony Gliedman served as HPD Commissioner and the Chairman of HDC from 1979-86, longer than any other individual. His vision was a guiding force behind the rebirth of New York's neighborhoods and he was a friend and mentor to the many talented men and women whose work today is a testimony to his abiding faith in the City's future.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended October 31, 2002

This section of the New York City Housing Development Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal year that ended on October 31, 2002. Please read this section in conjunction with the financial statements and accompanying notes. Amounts and percentage changes refer to the total columns which includes financial data for the Corporation's component units.

Financial Highlights

- Total net assets increased $45.4 million (or 6.8%)
- Cash and investments increased $83.9 million (or 8.2%)
- Bonds and other liabilities increased $587.5 million (or 18.2%)
- Operating revenues decreased $12.7 million (or 7.6%)
- Operating expenses decreased $18.2 million (or 12.0%)
- Operating income increased by $5.5 million (or 35.4%)
- Nonoperating revenues decreased by $18.9 million (or 43.7%)
- Investment revenues decreased by $18.8 million (or 42.2%)

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 October 31, 2002 and 2001:

$ in millions

	2002	2001	% increase/(decrease)
Current Assets	**$ 308.3**	$248.6	24.0%
Noncurrent Assets	**4,226.8**	3,653.6	15.7%
Total Assets	**4,535.1**	3,902.2	16.2%
Long Term Debt	**3,109.3**	2,648.2	17.4%
Other Liabilities	**712.8**	586.4	21.6%
Total Liabilities	**3,822.1**	3,234.6	18.2%
Net Assets:			
Restricted	**331.3**	314.6	5.3%
Unrestricted	**381.7**	353.0	8.1%
Total Net Assets	**$ 713.0**	$667.6	6.8%

The Corporation's combined net assets increased $45.4 million (6.8%) as a result of the increase generated from earnings. The Corporation did not receive any contributions to net assets during the fiscal year. As always, HDC continues to remain 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 Corporations 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 $17.4 million of the total $25.7 million investment earnings have been included in resources that are set aside for the payment of bond debt service. The remaining $8.3 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 2002 and 2001:

			$ in thousands
	2002	2001	% increase/(decrease)
Operating Revenue:			
Interest on Loans	**$123,412**	$141,641	(12.9%)
Fees and Charges	**17,029**	11,702	45.5%
Other	**14,280**	14,083	1.4%
Total Operating Revenue	**154,721**	167,426	(7.6%)
Operating Expenses:			
Interest and Amortization	**115,931**	134,80	(14.0%)
Salaries and Related	**10,301**	9,259	11.3%
Corporate	**3,631**	4,673	(22.3%)
Other	**3,776**	3,127	20.8%
Total Operating Expenses	**133,639**	151,859	(12.0%)
Operating Income	**21,082**	15,567	35.4%
Nonoperating Revenues (Expenses)			
Earnings on Investments	**25,745**	44,579	(42.2%)
Other	**(1,417)**	(1,399)	1.3%
Total Nonoperating Revenue	**24,328**	43,180	(43.7%)
Distributions	**—**	—	
Change in Net Assets	**$45,410**	$58,747	(22.7%)

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 $3,214 million of bond principal outstanding an increase of 15.9% 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 2002 and 2001:

			$ in thousands
	2002	2001	% increase/(decrease)
Bonds Payable	**$3,214,235**	$2,773,643	15.9%

New Business

During fiscal year 2002 the Corporation issued 6 series of Housing Revenue Bond program bonds amounting to $406.5 million, 9 series of 80/20 program bonds amounting to $434.5 million, and 3 series of 100% Low Income Tax-Exempt Bond program bonds for $20.4 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 6 series of bonds were issued in the amount of $136.9 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 Development Corporation

We have audited the accompanying combined balance sheet of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2002, and the related combined statements of revenues, expenses and changes in fund 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. The prior year summarized comparative information has been derived from the Corporation's 2001 financial statements and, in our report dated January 18, 2002, we expressed an unqualified opinion of those financial statements.

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, 2002, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

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

Ernst & Young LLP

January 2, 2003

CONBINED BALANCE SHEET

At October 31, 2002 (with comparative summarized financial information as of October 31, 2001) (in thousands)

		Discretely Presented Component Units			Total	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	2002	2001
Assets						
Current Assets:						
Cash	$1,673	—	1	—	1,674	1,342
Investments (note 4)	231,166	—	2,510	—	233,676	186,131
Receivables:						
Mortgage loans (note 5)	60,768	—	—	—	60,768	50,275
Accrued interest	11,592	12	—	—	11,604	10,565
Other (note 6)	493	—	—	—	493	197
Total Receivables	**72,853**	**12**	—	—	**72,865**	**61,037**
Other assets	73	—	—	—	73	77
Total Current Assets	**305,765**	**12**	**2,511**	—	**308,288**	**248,587**
Noncurrent Assets:						
Restricted cash	9,420	2	2	4	9,428	10,691
Restricted investments (note 4)	750,020	29,089	49,777	37,238	866,124	828,799
Restricted receivables:						
Mortgage loan receivable (note 5)	3,019,370	44,165	—	—	3,063,535	2,555,522
Accrued interest	-	2,304	—	—	2,304	2,277
Total restricted receivables	3,019,370	46,469	—	—	3,065,839	2,557,799
Mortgage loans receivable:						
Sale of mortgages	756	—	—	—	756	1,356
Other receivables (note 6)	8,232	—	205,853	—	214,085	209,158
Total Receivables	**3,028,358**	**46,469**	**205,853**	—	**3,280,680**	**2,768,313**
Unamortized issuance costs	19,827	—	1,570	—	21,397	16,835
Primary government/component unit receivable (payable)	(3,736)	3,951	(6)	(209)	—	—
Fixed assets	4,999	—	—	2	5,001	5,932
Other assets	44,123	—	—	9	44,132	23,024
Total Noncurrent Assets	**3,853,011**	**79,511**	**257,196**	**37,044**	**4,226,762**	**3,653,594**
Total Assets	**$4,158,776**	**79,523**	**259,707**	**37,044**	**4,535,050**	**3,902,181**

See accompanying notes to the basic financial statements.

		Discretely Presented Component Units			Total	
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	2002	2001
Liabilities and Net Assets						
Current Liabilities:						
Current portion of bonds payable (note 7)	$56,262	—	8,300	—	64,562	81,703
Accrued interest payable	27,432	—	6,710	—	34,142	35,898
Payable to the City of New York (note 9)	830	—	690	—	1,520	743
Payable to mortgagors	66,249	—	8,300	—	74,549	56,853
Restricted earnings on investments	3,317	—	—	—	3,317	3,255
Accounts and other payables	1,387	—	—	86	1,473	1,521
Deferred fee and mortgage income	1,188	—	—	—	1,188	2,274
Due to the United States Government (note 11)	1,479	—	—	—	1,479	2,553
Total Current Liabilities	**158,144**	—	**24,000**	**86**	**182,230**	**184,800**
Noncurrent Liabilities:						
Bonds payable (note 7)	2,884,642	—	232,417	—	3,117,059	2,656,708
Net premium and (discount) on bonds payable	(712)	—	(7,028)	—	(7,740)	(8,517)
Payable to the City of New York (note 9)	295,342	75,432	—	—	370,774	249,366
Payable to mortgagors	110,136	143	—	—	110,279	108,994
Deferred fee and mortgage income	47,956	1,000	—	—	48,956	42,917
Due to the United States Government (note 11)	470	—	—	—	470	301
Total Noncurrent Liabilities	**3,337,834**	**76,575**	**225,389**	—	**3,639,798**	**3,049,769**
Total Liabilities	**3,495,978**	**76,575**	**249,389**	**86**	**3,822,028**	**3,234,569**
Net Assets:						
Restricted (note 14)	295,683	2,948	8,522	24,187	331,340	314,569
Unrestricted (note 14)	367,115	—	1,796	12,771	381,682	353,043
Total Net Assets	**662,798**	**2,948**	**10,318**	**36,958**	**713,022**	**667,612**
Commitments and Contingencies (notes 9, 12 and 13)						
Total Liabilities and Net Assets	**$4,158,776**	**79,523**	**259,707**	**37,044**	**4,535,050**	**3,902,181**

See accompanying notes to the basic financial statements.

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Year ended October 31, 2002 (with comparative summarized financial information as of October 31, 2001) (in thousands)

		Discretely Presented Component Units				
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Total 2002	Total 2001
Operating Revenues						
Interest on loans (note 5)	$123,412	—	—	—	123,412	141,641
Fees and charges (note 11)	16,402	—	—	627	17,029	11,702
Other (note 6)	172	—	14,084	24	14,280	14,083
Total Operating Revenues	**139,986**	—	**14,084**	**651**	**154,721**	**167,426**
Operating Expenses						
Interest and amortization (note 7)	100,146	—	15,785	—	115,931	134,800
Salaries and related expenses	9,908	—	—	393	10,301	9,259
Services of New York City	238	—	—	—	238	322
Trustees' and other fees	1,645	—	77	15	1,737	1,387
Amortization of debt issuance costs	1,651	—	150	—	1,801	1,418
Corporate operating expenses (note 8)	3,560	—	—	71	3,631	4,673
Total Operating Expenses	**117,148**	—	**16,012**	**479**	**133,639**	**151,859**
Operating Income (Loss)	**22,838**	—	**(1,928)**	**172**	**21,082**	**15,567**
Nonoperating Revenues						
Earnings on investments (note 4)	21,151	20	2,112	2,462	25,745	44,579
Nonoperating expenses (note 9)	(1,417)	—	—	—	(1,417)	(1,399)
Total Nonoperating Revenues (Expenses)	**19,734**	**20**	**2,112**	**2,462**	**24,328**	**43,180**
Income (Loss) before Distributions and Transfers	**42,572**	**20**	**184**	**2,634**	**45,410**	**58,747**
Operating transfers to Corporate Services Fund	150	—	—	(150)	—	—
Change in Net Assets	**$42,722**	**20**	**184**	**2,484**	**45,410**	**58,747**
Total net assets - beginning of year	620,076	2,928	10,134	34,474	667,612	608,865
Total Net Assets - End of Year	**$662,798**	**2,948**	**10,318**	**36,958**	**713,022**	**667,612**

See accompanying notes to the basic financial statements.

COMBINED STATEMENT OF CASH FLOWS

Year ended October 31, 2002 (with comparative summarized financial information for the year ended October 31, 2001) (in thousands)

		Discretely Presented Component Units				
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Total 2002	Total 2001
Cash Flows From Operating Activities						
Mortgage loan repayments	$449,304	143	—	—	449,447	272,968
Receipts from fees and charges	7,662	—	—	248	7,910	8,335
Mortgage escrow receipts	56,801	—	—	—	56,801	54,030
Reserve for replacement receipts	20,535	—	—	—	20,535	19,299
Mortgage loan advances	(457,843)	—	—	—	(457,843)	(243,528)
Escrow disbursements	(56,729)	—	—	—	(56,729)	(48,708)
Reserve for replacement disbursements	(19,648)	—	—	—	(19,648)	(19,715)
Payments to employees	(10,216)	—	—	—	(10,216)	(7,978)
Payments to suppliers for corporate operating expenses	(5,084)	—	—	—	(5,084)	(9,019)
Project contributions and funds received from NYC	137,521	—	—	—	137,521	137,721
Advances and other payments for NYC	(379,765)	(2,512)	—	—	(382,277)	(95,286)
Other receipts (payments)	(15,086)	—	19,588	24	4,526	(4,604)
Net Cash Provided by (Used in) Operating Activities	**(272,548)**	**(2,369)**	**19,588**	**272**	**(255,057)**	**63,515**
Cash Flows From Non Capital Financing Activities						
Proceeds from sale of bonds	861,392	—	—	—	861,392	232,054
Retirement of bonds	(419,093)	—	—	—	(419,093)	(166,836)
Interest paid	(123,575)	—	(13,421)	—	(136,996)	(130,594)
Net cash transfers between programs	222	(5)	—	(217)	—	—
Net Cash Provided by (Used in) Non Capital Financing Activities	**318,946**	**(5)**	**(13,421)**	**(217)**	**305,303**	**(65,376)**
Cash Flows From Capital and Related Financing Activities						
Purchase of fixed assets	(88)	—	—	—	(88)	(986)
Sale of fixed assets	82	—	—	—	82	17
Net Cash (Used In) Capital and Related Financing Activities	**(6)**	**—**	**—**	**—**	**(6)**	**(969)**
Cash Flows From Investing Activities						
Sale of investments	18,216,944	86,618	88,022	35,539	18,427,123	17,947,684
Purchase of investments	(18,292,212)	(84,290)	(96,630)	(38,015)	(18,511,147)	(17,981,589)
Interest and dividend collected	27,940	47	2,442	2,424	32,853	38,732
Net Cash Provided by (Used in) Investing Activities	**(47,328)**	**2,375**	**(6,166)**	**(52)**	**(51,171)**	**4,827**
Increase (decrease) in cash	(936)	1	1	3	(931)	1,997
Cash at beginning of year	12,029	1	2	1	12,033	10,036
Cash at End of Year	**$11,093**	**2**	**3**	**4**	**11,102**	**12,033**

See accompanying notes to the basic financial statements.

COMBINED STATEMENT OF CASH FLOWS

Year ended October 31, 2002 (with comparative summarized financial information for the year ended October 31, 2001) (in thousands)

		Discretely Presented Component Units				
	Housing Development Corporation Programs	Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Total 2002	Total 2001
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	**$22,838**	**—**	**(1,928)**	**172**	**21,082**	**15,567**
Operating Income (Loss)	**22,838**	**—**	**(1,928)**	**172**	**21,082**	**15,567**
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expenses	935	—	—	3	938	923
Amortization of bond discount and premium	282	—	523	—	805	669
Amortization of deferred bond refunding costs	1,495	—	1,841	—	3,336	3,393
Amortization of bond issuance costs	1,644	—	150	—	1,794	947
Net cash provided by nonoperating activities	171,968	—	13,421	—	185,389	133,289
Changes in Assets & Liabilities:						
(Increase) decrease in mortgage loans	(501,958)	—	—	—	(501,958)	(123,694)
(Increase) decrease in accrued interest receivable	(1,088)	(170)	—	—	(1,258)	2,691
(Increase) decrease in sale of mortgages receivable	600	—	—	—	600	550
(Increase) decrease in other receivable	(2,810)	—	(2,719)	—	(5,529)	(1,961)
(Increase) decrease in bond issuance costs	805	—	—	—	805	-
(Increase) decrease primary government/ component unit receivable (payable)	(29,004)	—	—	97	(28,907)	(5,971)
(Increase) decrease in other assets	(21,558)	—	—	—	(21,558)	(219)
(Decrease) increase in payable to the City of New York	77,470	(2,199)	—	—	75,271	27,999
(Decrease) increase in payable to mortgagors	5,558	—	8,300	—	13,858	7,065
(Decrease) increase in accounts and other payables	1,565	—	—	—	1,565	1,513
(Decrease) increase in due to the United States Government	—	—	—	—	—	(1,587)
(Decrease) increase in restricted earnings on investments	(1,160)	—	—	—	(1,160)	(2,251)
(Decrease) increase in deferred fee and mortgage income	1,626	—	—	—	1,626	(908)
(Decrease) increase in accrued interest payable	(1,756)	—	—	—	(1,756)	5,500
Net Cash Provided by (Used in) Operating Activities	**$(272,548)**	**(2,369)**	**19,588**	**272**	**(255,057)**	**63,515**
Non Cash Investing Activities:						
Increase (decrease) in fair value of investments	$(526)	20	155	(1)	(352)	9,303

See accompanying notes to the basic financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

October 31, 2002

Note 1: Organization

The New York City Housing Development Corporation (the "Corporation" or "HDC") is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws 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 in order to increase the supply of 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 significant amounts 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 Principles 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.

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 costs, 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 recognized as incurred.

B. Investments

All investments, except for investment agreements, are carried at fair value (see note 4). Investment agreements are nonparticipating, 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, Bond Discount and Other Bond Related Costs
Debt issuance costs and bond discount are amortized over the life of the related bond and note issues using the effective interest method. Premiums paid in connection with interest rate cap agreements are amortized to interest expense over the life of the respective agreements.

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. Reclassifications
Certain 2001 balances have been reclassified to conform with current year presentation.

I. Summarized Financial Information
The financial statements include summarized comparative information in total but not by reporting unit. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended October 31, 2001.

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 it's Corporate Services Fund.

(i) Multi-Family Bond Programs:
(a) Section 223(f) The Multi-Family Bond Program was originally established in 1977 in connection with the refinancing of 73 existing multifamily housing projects which 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, REMIC insured mortgage loans and other non-guaranteed 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. All 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 or the Corporation 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 transferable real estate tax benefits generated by the low-Income project are linked to the demand for such benefits from newly constructed 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 financing for residential housing cooperative programs.

(g) Senior Housing This program was established to provide financing for residential housing for low-income senior citizens.

(ii) Corporate Service 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 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 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 at the direction of the City to finance 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 such reserve is the housing insurance fund, which shall be used as a revolving fund solely for the payment of liabilities arising from housing insurance contracts issued by REMIC. 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, 2002 is $20,931,000.

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. The mortgage insurance fund requirement at October 31, 2002 is $3,251,000, which constitutes one hundred percent of the insured mortgage loans.

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, 2002 is $7,123,000.

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. All interest rate ranges include rates on investments held throughout the fiscal year.

During fiscal year 2002, realized investment gains amounted to $154,000 while realized investment losses were $3,000. 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 2002.

Governmental Accounting Standards Board ("GASB") Statement No. 3 requires disclosure of the level of investment risk assumed by the Corporation as of October 31, 2002. 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:

Program	Category	Total HDC	Total HAC	Total HNYC	Total REMIC	Total Memorandum Only 2002	2001
(in thousands)							
U.S. Treasury Bonds	1	$ 51,788	—	28,221	—	80,009	75,422
U.S. Treasury Bills	1	87,239	—	—	—	87,239	83,866
U.S. Treasury Notes	1	11,924	—	—	—	11,924	64,017
U.S. Treasury Strips	1	384	26,823	—	—	27,207	27,869
Fixed Repurchase Agreements	1	208,075	2,266	24,066	540	234,947	189,788
G.N.M.A.	1	48,591	—	—	—	48,591	31,904
Open Time Deposits	1	283,307	—	—	—	283,307	157,985
Term Repurchase Agreements	1	51,490	—	—	—	51,490	53,389
Freddie Mac Notes	1	—	—	—	—	—	14,138
Federal Farm Credit Notes	1	—	—	—	3,291	3,291	3,291
Commercial Paper	1	153,598	—	—	—	153,598	226,474
Money Market and Now Accounts	N/A	1,424	—	—	—	1,424	2,498
Federal Home Loan Mortgage	1	20,203	—	—	1,024	21,227	505
FNMA Callable Med Term Note	1	15,122	—	—	24,380	39,502	36,000
FNMA Discount Note	1	-	—	—	—	—	27,515
FHLB Notes Callable	1	34,254	—	—	2,927	37,181	—
FHLB Bonds	1	13,787	—	—	5,077	18,864	20,269
Totals		**$981,186**	**29,089**	**52,287**	**37,239**	**1,099,801**	**1,014,930**

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 ranged from 1.5% to 2.55%. Maturity dates on all fixed repurchase agreements range from November 1, 2002 to November 15, 2002.

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 eight OTD agreements. OTDs are non-participating, guaranteed investment agreements. At October 31, 2002, the cost basis of all unsecured OTDs amounted to $283,307,000. Interest rates on all OTDs range from 1.49% to 6.78% with maturity dates that range from December 31, 2002 to November 1, 2042.

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. Collateral securities were held by the respective bond program's trustee.

Freddie Mac Notes have maturity dates ranging from November 12, 2003 to December 19, 2016. Yield rates on these investments range from 2.875% to 6.5%. Federal Farm Credit Notes have a maturity date of May 17, 2011 and a yield rate of 6.23%.

Commercial Paper have maturity dates ranging from November 4, 2002 to December 16, 2002 and yield rates of 1.62% to 2.53%.

Combined cash deposits total $11,102,000 at October 31, 2002. These accounts were maintained with bond trustees as well as with major commercial banks. HDC's cash deposits amounting to $312,000 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. HAC, HNYC, and REMIC have FDIC insured cash deposits totaling $2,000,$3,000 and $4,000 respectively. All other cash deposits are uninsured.

Note 5: Mortgage and Other Loans

The Corporation has outstanding, under various programs, mortgage loans of $3,124,303,000 and $2,605,797,000 as of October 31, 2002 and 2001, respectively which have been issued to a number of qualified housing sponsors. Mortgage loans outstanding at October 31, 2002 and 2001 by program were as follows:

Program	Total HDC	Total HAC	Total Memorandum Only 2002	Total Memorandum Only 2001
(in thousands)				
Section 223 (f)	$ 271,181	—	271,181	282,993
Housing Revenue Bond	1,141,116	—	1,141,116	771,811
80/20	1,350,796	—	1,350,796	1,219,514
100% Low-Income Tax-Exempt	29,553	—	29,553	32,642
Hospital Residence	130,620	—	130,620	134,995
Residential Cooperative Housing	27,158	—	27,158	27,557
Corporate Services	123,814	—	123,814	86,020
Senior Housing	5,900	—	5,900	6,100
Other	—	44,165	44,165	44,165
Totals	**$3,080,138**	**44,165**	**3,124,303**	**2,605,797**

The mortgage loans listed above are originally repayable over terms of 8 to 49 years and bear interest at rates from .8% 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 $472,385,000, while HPD has funded subordinate loans held by HDC in the amount of $48,116,000. HAC held eight subordinate mortgage loans that amounted to $44,165,000 on October 31, 2002.

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 2001 Series B Multi-Family Housing Revenue Bond Program, the earnings on certain restricted funds (which are also excluded from revenues) were payable to the City under a prior bond program. Currently all program revenues have been 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 2002 amounted to $1,387,000 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, 2002, the DSP consists of three 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 two 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 financed mortgages for eight projects for various construction costs and capitalized interest. Five mortgages were 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 after origination. Three subordinate mortgage loans were made to fund certain expenses of constructing new projects. Two secondary loans bear no interest for approximately twenty five years after closing and then bear interest at the rate of 1% per annum. Another new construction secondary loan originally had similar terms. This loan was restructured and the mortgagor will begin making interest only payments and the term of the loan was extended five years. To induce HAC to refinance the loan, the mortgagor paid an up front restructuring fee of $1,000,000.

Note 6: Other Receivables

(A) New York City Housing Development Corporation
Other Receivables amount to $8,725,000, 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 $205,854,000, which is composed in part of $142,728,000 in funds advanced to the City through October 31, 2002 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 $63,126,000 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, 2002 were as follows:

Description of Bonds as Issued	Balance at Oct. 31, 2001	Issued	Retired	Balance at Oct. 31, 2002	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2002)					
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	$ 283,673	—	(8,883)	274,790	12,342
Total Section 223(f)	**$ 283,673**	**—**	**(8,883)**	**274,790**	**12,342**
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	$ 114,880	—	(23,385)	91,495	1,935
1994 Series A PLP Bond Program—8.4% and 8.95% Term Bonds maturing in varying installments through 2025	5,285	—	(300)	4,985	325
1995 Series A Multi-family Housing Revenue Bond Program—3.5% to 5.6% Serial Bonds maturing in varying installments through 2007	20,095	—	(3,965)	16,130	3,080
1996 Series A Multi-Family Housing Revenue Bond Program—3.6% to 5.625% Serial and Term Bonds maturing in varying installments through 2012	164,420	—	(94,325)	70,095	7,300
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	22,665	—	(925)	21,740	980

Description of Bonds as Issued	Balance at Oct. 31, 2001	Issued	Retired	Balance at Oct. 31, 2002	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2002)					
1997 Series C Multi-Family Housing Revenue Bond Program—6.73% Term Bonds maturing in varying installments through 2011	26,200	—	(1,910)	24,290	2,040
1998 Series A Multi-Family Housing Revenue Bond Program—6.84% Term Bonds maturing in varying installments through 2030	57,500	—	(700)	56,800	800
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	—	(165)	21,215	320
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 2.04% to 2.44% Variable Rate Bonds due upon demand through 2037	63,300	—	(2,200)	61,100	2,300
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 2.04% to 2.44% Variable Rate Bonds due upon demand through 2031	40,200	—	(700)	39,500	800
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	—	(4,200)	5,600	115
1999 Series D Multi-Family Housing Revenue Bond Program—3.75% to 5.5% Serial and Term Bonds maturing in varying installments through 2019	7,865	—	(255)	7,610	265
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	—	(45)	10,670	650
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	4,685
2001 Series A Multi-Family Housing Revenue Bond Program—3.7% to 5.6% Serial and Term Bonds maturing in varying installments through 2042	30,115	—	—	30,115	—
2001 Series B Multi-Family Housing Revenue Bond Program—3.05% to 5.25% Serial and Term Bonds maturing in varying installments through 2016	87,370	—	(4,110)	83,260	4,245
2001 Series C-1 & C-2 Multi-Family Housing Revenue Bond Program—1.65 % to 2.08% Variable Rate Term and 2.85% to 5.40% Serial and Term bonds maturing in varying installments through 2033	—	28,500	—	28,500	—
2002 Series A (AMT) Multi-Family Housing Revenue Bond Program—2.20% to 5.50% Serial and Term Bonds maturing in varying Installments through 2034	—	36,370	—	36,370	—
2002 Series B (AMT) Multi-Family Housing Revenue Bond Program—2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2032	—	7,150	—	7,150	—
2002 Series C (Federally Taxable) Housing Revenue Bond Program— 2.04% to 2.07% Variable Rate Term Bonds maturing in varying Installments through 2034	—	49,500	—	49,500	—

Description of Bonds as Issued		Balance at Oct. 31, 2001	Issued	Retired	Balance at Oct. 31, 2002	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2002)						
2002 Series D (Federally Taxable) Housing Revenue Bond Program— 2.04% to 2.07% Variable Rate Term Bonds maturing in varying Installments through 2032		—	285,000	—	285,000	4,300
Total Housing Revenue Bond Program	**$**	**718,030**	**406,520**	**(137,185)**	**987,365**	**34,140**
80/20:						
1989 Series A Upper Fifth Avenue Project—.85% to 1.95% Variable Rate Bonds due upon demand through 2016		4,900	—	—	4,900	—
1993 Series A & B and 1995 Series A Manhattan Park—6.25% to 8% Term Bonds maturing in varying installments through 2030		154,525	—	(1,735)	152,790	1,875
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—.90% to 1.80% Variable Rate Bonds maturing in varying installments through 2005		22,700	—	(22,700)	—	—
1995 Series A Columbus Apartments Development—.85% to 1.85% Variable Rate Bonds maturing in varying installments through 2025		21,970	—	(100)	21,870	—
1996 Series A Barclay Avenue Development—5.75% to 6.6% Term Bonds maturing in varying installments through 2033		5,450	—	(55)	5,395	60
1997 Series A Related-Columbus Green Project—.85% to 1.85% Variable Rate Bonds due upon demand through 2019		13,775	—	—	13,775	—
1997 Series A Related-Carnegie Park Project—.85% to 1.85% Variable Rate Bonds due upon demand through 2019		66,800	—	—	66,800	—
1997 Series A Related-Monterey Project—.85% to 1.85% Variable Rate Bonds due upon demand through 2019		104,600	—	—	104,600	—
1997 Series A Related-Tribeca Tower Project—.9% to 1.9% Variable Rate Bonds due upon demand through 2019		55,000	—	—	55,000	—
1998 Series A & B Parkgate Development Project—.9% to 1.75% Variable Rate Bonds due upon demand through 2028		36,500	—	—	36,500	—
1998 Series A & B One Columbus Place Project—.9% to 2.5% Variable Rate Bonds due upon demand through 2028		146,900	—	(1,300)	145,600	1,200
1998 Series A & B Related Broadway Project—Variable Rate Bonds due upon demand through 2031		89,000	—	(89,000)	—	—
1998 Series A & B Jane Street Development—.9% to 2.15% Variable Rate Bonds due upon demand through 2028		17,275	—	(200)	17,075	200
1999 Series A & B West 43rd Street Project—.9% to 2.5% Variable Rate Bonds due upon demand through 2029		54,920	—	(500)	54,420	400
1999 Series A Brittany Development Project—.9% to 1.9% Variable Rate Bonds due upon demand through 2029		57,000	—	—	57,000	—

Description of Bonds as Issued	Balance at Oct. 31, 2001	Issued	Retired	Balance at Oct. 31, 2002	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2002)					
1999 Series A & B West 54th Street Development —.95% to 2.5% Variable Rate Bonds due upon demand through 2032	60,400	—	(60,400)	—	—
2000 Series A Related West 89th Development— .9% to 1.9% Variable Rate Bonds due upon demand through 2029	53,000	—	—	53,000	—
2000 Series A Westmont Apartments —.9% to 1.85% Variable Rate Bonds due upon demand through 2030	24,200	—	—	24,200	—
2000 Series A West 26th Street Development— 1.9% to 2.55% Variable Rate Bonds due upon demand through 2033	72,100	—	(72,100)	—	—
2000 Series A Related 15th Street Development — .9% to 1.9% Variable Rate Bonds due upon demand through 2033	56,000	—	—	56,000	—
2001 Series A Queenswood Refunding— .9% to 1.75% Variable Rate Bonds due upon demand through 2031	10,800	—	—	10,800	—
2001 Series A & B West 48th Street— 1% 2.5% Variable Rate Bonds due upon demand through 2034	22,500	—	—	22,500	—
2001 Series A & B(Federally Taxable) Related Lyric Development—.9% to 2.55% Variable Rate Bonds due upon demand through 2031	—	91,000	—	91,000	300
2001 Series A & B(Federally Taxable) Related West 55th Street Development— 1.05% to 2.15% Variable Rate Bonds due upon demand through 2034	—	130,000	—	130,000	—
2002 Series A Ninth Avenue Development— 1.85% to 2.18% Variable Rate Federally Taxable Bonds due upon demand through 2034	—	44,000	—	44,000	—
2002 Series A (Federally Taxable) Chelsea Centro—1.8% to 1.94% Variable Rate Bonds due upon demand through 2033	—	86,900	300	86,600	—
2002 Series A James Tower Development— 1.10% to 1.75% Variable Rate Bonds due upon demand through 2032	—	22,200	—	22,200	—
2002 Series A & B(Federally Taxable) The Foundry—1.25% to 1.90% Variable Rate Bonds due upon demand through 2032	—	60,400	—	60,400	—
Total 80/20	**$ 1,292,050**	**434,500**	**(248,390)**	**1,478,160**	**4,035**
100% Low-Income Tax-Exempt Bond Program:					
1999 Series A Harmony House Project—1% to 1.85% Variable Rate Bonds due upon demand through 2031	3,000	—	(3,000)	—	—
1999 Series A Sullivan Street Project—1% to 1.85% Variable Rate Bonds due upon demand through 2031	1,300	—	(1,300)	—	—
2000 Series A St. Ann's Apartments—1% to 1.85% Variable Rate Bonds due upon demand through 2032	3,400	—	—	3,400	—
2000 Series A Spring Creek IV—1% to 1.7% Variable Rate Bonds due upon demand through 2032	6,000	—	(6,000)	—	—

Description of Bonds as Issued		Balance at Oct. 31, 2001	Issued	Retired	Balance at Oct. 31, 2002	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2002)						
2000 Series A Sackman Street Project—1% to 1.85% Variable Rate Bonds due upon demand through 2032		2,400	—	—	2,400	—
2000 Series A East 116th Street Project—1% to 1.85% Variable Rate Bonds due upon demand through 2031		1,600	—	(1,600)	—	—
2000 Series A Linden Mews—1% to 1.85% Variable Rate Bonds due upon demand through 2032		2,800	—	(2,800)	—	—
2000 Series A Marmion Avenue—1% to 1.85% Variable Rate Bonds due upon demand through 2032.		6,700	—	(6,700)	—	—
2000 Series A Ogden Avenue—1% to 1.9% Variable Rate Bonds due upon demand through 2032.		9,000	—	—	9,000	—
2001 Series A Fox Street—1% to 1.9% Variable Rate Bonds due upon demand through 2033.		7,000	—	—	7,000	—
2001 Series A Fountains at Spring Creek Project—1% to 1.9% Variable Rate Bonds due upon demand through 2033		—	7,500	—	7,500	—
2001 Series A The Lafayette Project— 1% to 1.9% Variable Rate Bonds due upon demand through 2033		—	3,700	—	3,700	—
2002 Series A Nelson Avenue Apartments—1.15% to 1.9% Variable Rate Bonds due upon demand through 2035		—	9,200	—	9,200	—
Total 100% Low-Income Tax-Exempt Bond Program	**$**	**43,200**	**20,400**	**(21,400)**	**42,200**	**—**
Hospital Residence:						
1993 Series A East 17th Street Properties—.8% to 2% Variable Rate Bonds maturing in varying installments through 2023	$	33,400	—	(800)	32,600	800
1993 Series A Montefiore Medical Center—1% to 1.85% Variable Rate Term Bonds maturing in varying installments through 2030		8,400	—	—	8,400	100
1998 Series 1 MBIA Insured Residential Revenue Refunding Bonds—1.15% to 1.75% Periodic Auction Reset Securities maturing in varying installments through 2017		101,925	—	(3,575)	98,350	4,425
Total Hospital Residence	**$**	**143,725**	**—**	**(4,375)**	**139,350**	**5,325**
Residential Cooperative Housing:						
1994 Series A Maple Court Cooperative—6.22% Term Bonds maturing in varying installments through 2027	$	11,730	—	(175)	11,555	185
1996 Series A Maple Plaza Cooperative—6.08% Term Bonds maturing in varying installments through 2029		16,445	—	(220)	16,225	235
Total Residential Cooperative Housing	**$**	**28,175**	**—**	**(395)**	**27,780**	**420**
Senior Housing:						
2000 Series A 55 Pierrepont Development—.95% to 1.85% Variable Rate Bonds due upon demand through 2031		6,100	—	(200)	5,900	—
Total Senior Housing	**$**	**6,100**	**—**	**(200)**	**5,900**	**—**
Total Bonds Payable Housing Development Corporation	**$**	**2,514,953**	**861,420**	**(420,828)**	**2,955,545**	**56,262**

Description of Bonds as Issued		Balance at Oct. 31, 2001	Issued	Retired	Balance at Oct. 31, 2002	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2002)						
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	8,300
Total Bonds Payable Housing New York Corporation	**$**	**258,690**	**—**	**—**	**258,690**	**8,300**
Total Bonds Payable Prior to Deferred Bond Refunding Costs	**$**	**2,773,643**	**861,420**	**(420,828)**	**3,214,235**	**64,562**
Deferred bond refunding costs		(35,232)	—	—	(32,614)	—
Total Bonds Payable Net of Deferred Bond Refunding Costs	**$**	**2,738,411**	**861,420**	**(420,828)**	**3,181,621**	**64,562**

(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 $3.8 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not 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 obligation 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.

(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 November 6, 2001, the Corporation issued $28,500,000 of its 2001 Series C-1 and C-2 Multi-Family Hosing Revenue Bonds, to finance construction and permanent mortgage loans for certain newly constructed or substantially rehabilitated developments.

HDC issued four Multi-Family Housing Revenue Bond series on June 20, 2002 totaling $378,020,000. The 2002 Series A (AMT) bonds in the amount of $36,370,000 were issued to finance construction and permanent mortgage loans for certain newly constructed developments. The 2002 Series B (AMT) bonds in the amount of $7,150,000 were issued to retire a portion of certain of the Corporation's outstanding bonds, issued under separate bond resolutions of the Corporation, and to thereby acquire the related mortgage loans for certain newly constructed developments. The 2002 Series C (Federally Taxable) bonds for $49,500,000 were issued to finance construction and permanent mortgage loans for certain newly constructed or substantially rehabilitated developments. The 2002 Series D (Federally Taxable) bonds for $285,000,000 were issued to finance the acquisition of (i) a participation interest in 380 permanent mortgage loans for certain developments and (ii) a participation interest in a portion of the cash flow derived from a trust certificate evidencing a beneficial ownership interest in permanent mortgage loans for certain developments. On April 30, 2002, the face amount of the 380 loans in which the Corporation purchased a 100% participation interest, equaled $413,393,000 and the face amount of the loans secured by the trust certificate equaled $269,122,000.

The trust certificate represents a secondary ownership interest in a pool of approximately 90 mortgage loans. The primary interest in this certificate is currently held by the Federal National Mortgage Association("Fannie Mae"). Fannie Mae anticipates that it will collect payments received from these mortgage loans prior to March 2007. HDC anticipates that it will begin to receive payments beginning in March 2007.

Upon repayment of all of the 2002 Series D Bonds, the pledge of the program's assets will be released and HDC's participation interest will revert back to the City.

In connection with the 2002 Series C and the 2002 Series D Bonds which have variable interest rates, the Corporation has entered into three Interest Rate Cap Agreements with the New York City Transitional Finance Authority ("TFA") for an upfront payment of $23,093,000.

With respect to an initial notational amount of $49,395,000 which amortizes on a quarterly basis commencing August 1, 2004 through May 1,2009, TFA is obligated to pay to the Corporation with respect to the outstanding notational amount, an amount calculated using the rate by which the Three-Month London Interbank Offered Rate ("LIBOR") exceeds a Strike Rate of 7.35% for the period from May 1, 2004 through May 1, 2009.

With respect to an initial notational amount of $149,600,000 which amortizes on a quarterly basis commencing August 1, 2009 through November 1, 2032, TFA is obligated to pay to the Corporation with respect to the outstanding notational amount, an amount calculated using the rate by which Three-Month LIBOR exceeds a Strike Rate of 7.35% for the period from the date of issuance of the 2002 Series D Bonds through November 1, 2032.

With respect to an initial notational amount of $135,400,000 which amortizes on a quarterly basis commencing August 1, 2007 through May 1, 2027, TFA is obligated to pay to the Corporation with respect to the outstanding notational amount , an amount calculated using the rate by which Three-Month LIBOR exceeds a Strike Rate of (a) 4.85% for the period from the date of issuance of the 2002 D Bonds through April 30, 2007 and (b) 7.35% from May 1, 2007 through May 1, 2027.

Under each of the Interest Rate Cap Agreements, TFA in not obligated to pay the Corporation with respect to such notational amounts, the amount by which the rate exceeds a ceiling rate of 14.85%.

The $334,500,000 in bond principal of the 2002 Series C and the 2002 Series D Bonds is not exchanged between HDC and TFA; it is only the interest amounts exceeding the Strike Rates that are exchanged. The Corporation will be exposed to variable rate risks if TFA defaults.

(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, REMIC mortgage insurance, Fannie Mae mortgage collateral agreements or credit enhancement agreements and Freddie Mac guarantees, each as the case may be.

On November 1, 2001, HDC issued $91,000,000 of its variable rate Multi-Family Rental Housing Revenue Bonds (Related - Lyric Development), 2001 Series A and B(Federally Taxable) in order to refinance the project and to refund bonds previously issued by the Corporation. As a result of this refinancing, the 1998 Series A & B Related Broadway Project Variable Rate Bonds were retired.

On December 18, 2001, HDC issued $130,000,000 variable rate Multi-Family Mortgage Revenue Bonds (Related – West 55th Street Development) Series A and B (Federally Taxable) to finance a mortgage loan for the purposes of paying the costs of acquiring, constructing and equipping a rental housing facility as well as certain other costs of issuing the bonds.

On January 4, 2002, the Corporation issued $44,000,000 of its variable rate 2002 Series A (Federally Taxable) Multi-Family Mortgage Revenue Bonds (Ninth Avenue Development) to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring, constructing and equipping a rental housing facility and to pay certain other costs related to the bonds.

On May 15, 2002, the Corporation issued its 2002 Series A (Federally Taxable) Multi-Family Rental Housing Revenue Bonds (Chelsea Centro) in the amount of $86,900,000. These variable rate bonds were issued to finance a mortgage loan for the purposes of refinancing a rental housing facility and reimbursing the mortgagor for additional project costs as well as costs related to the bonds. These bonds replaced the 2000 Series A West 26th Street Development Variable Rate Bonds which were retired.

On July 12, 2002, HDC issued $22,200,000 of its variable rate 2002 Series A Multi-Family Rental Housing Revenue Bonds (James Tower Development) to refinance the project that was previously financed with other bonds of the Corporation. The 1994 Series A James Tower Development Variable Rate Bonds were retired as a result of this transaction.

On August 22, 2002, the variable rate 2002 Series A and B (Federally Taxable) Multi-Family Rental Housing Revenue Bonds (The Foundry) were issued in the amount of $60,400,000 to refinance the project's mortgage loan. The mortgage loan had previously been financed by the 1999 Series A & B West 54th Street Development Variable Rate Bonds which have been retired.

(d) 100% Low-Income Tax-Exempt The bonds issued under the 100% Low-Income Tax Exempt program are special obligations of the Corporation payable from the revenues and amounts on deposit in the accounts of the respective issues as more fully described in each issue's respective official statement. Additionally each bond series is payable from amounts obtained under the individual direct pay letters of credit issued by the respective credit issuers.

On November 21, 2001, the Corporation closed two separate variable rate bond issues. Both the $7,500,000 2001 Series A Multi-Family Mortgage Revenue Bonds (Fountains at Spring Creek Project), and the $3,700,000 2001 Series A Multi-Family Mortgage Revenue Bonds (Lafayette Project) were issued to finance mortgage loans covering a portion of the costs of constructing or rehabilitating as well as equipping each respective project.

On October 3, 2002, HDC issued its variable rate 2002 Series A Multi-Family Mortgage Revenue Bonds (Nelson Avenue Apartments) in the amount of $9,200,000 to finance a portion of the costs of constructing and equipping a multi-family rental housing facility.

(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.

(f) Residential Cooperative Housing The two bond issues of this program are special obligations of the Corporation which are primarily 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. They are additionally secured by the revenues and accounts of the respective issues.

(g) Senior Housing This bond issue is secured by a direct pay letter of credit.

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 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.

(D) New York City Residential Mortgage Insurance Corporation

REMIC is not authorized to issue bonds or notes.

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

	HDC		HNYC		
Year Ending October 31,	Principal	Interest	Principal	Interest	Total
(in thousands)					
2003	$ 56,262	105,138	8,300	13,217	182,917
2004	46,007	103,099	8,705	12,753	170,564
2005	51,854	100,653	9,225	12,261	173,993
2006	64,687	97,806	9,690	11,783	183,966
2007	56,421	94,920	10,180	11,272	172,793
Total 2003 – 2007…..	**$ 275,231**	**501,616**	**46,100**	**61,286**	**884,233**
2008 – 2012	351,724	425,491	59,575	47,438	884,228
2013 – 2017	395,406	332,952	76,630	30,051	835,039
2018 – 2022	496,034	241,461	76,385	8,482	822,362
2023 – 2027	243,435	181,148	—	—	424,583
2028 – 2032	756,295	99,170	—	—	855,465
2033 – 2037	428,245	20,295	—	—	448,540
2038 – 2042	8,210	1,590	—	—	9,800
2043 – 2043	965	27	—	—	992
Total	**$2,955,545**	**1,803,750**	**258,690**	**147,257**	**5,165,242**

Note 8: Consultant's Fees

New York City Housing Development Corporation

The fees paid by the Corporation for legal and consulting services in fiscal year 2002 for HDC include: $29,000 to Hawkins, Delafield and Wood; $47,000 to Epstein, Becker & Green, P.C., and $368,000 to Debevoise & Plimpton for legal services. Auditing Fees of $176,000 were paid to Ernst & Young. The Corporation paid consulting fees in the amount of $5,000 to Sungard Recovery, $5,000 to Marcia Lee Productions, $1,000 to Carlton Architecture, and $500 to 170 Systems. Ms. Leslie Shields was paid $500 for organization services and WTC grief counseling services.

In addition, the Corporation paid legal fees of $840,000 to Hawkins, Delafield & Wood for services provided as a result of bond financings. 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. On October 31, 2002, the 1996 Series A Housing Revenue Bond Program servicing fees payable to HPD were $28,000.

At the beginning of the fiscal year, the Section 223(f) Housing Program had a total liability of $11,621,000 to the City. During this year, this obligation was settled as the Corporation repaid all sums owed.

Also included in this reporting classification are participation mortgages and investment earnings. During the year the participation mortgages held under the 1995 Series A Multi-Family Housing Revenue Bond Program, the 1997 Series A Multi-Family Housing Revenue Bond Program and the 1999 Series D Multi-Family Housing Revenue Bond Program (Sheridan Manor) were assigned to HDC and transferred to the 2002 Series D Multi-Family Housing Revenue Bond Program along with other loans previously held by the City. HDC received a 100% participation interest in these loans and used a portion of the proceeds of the sale of bonds to reimburse the City. The excess of the programs assets over the bond obligations and fees payable to the Corporation will be returned to the City upon satisfaction of the bonds. At October 31, 2002, HDC's payable to the City under this program amounted to $185,403,000.

The Corporation under its DSP has initiated an HPD Loan Servicing Program. From 1991 through 2000, HPD transmitted $1,030,065,000, and for 2002, $122,326,000 to the Corporation for this activity. At October 31, 2002, the payable to the City in the Corporate Services Fund was $110,741,000.

(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, 2002, total resources payable to the City amounted to $75,432,000. The resources held for the City are primarily the mortgage loans described in note 5, and the investments held to fund tenant assistance payments listed in note 4.

(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, 2002, total funds held for the City amounted to $690,000.

Note 10: Retirement System

The Corporation and REMIC are participating employers in the New York City Employees' Retirement System (the "System") of which 32 employees of the Corporation and 3 employees of REMIC are members. The 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, 2002, the Corporation held $1,424,000 in prefunded annual contributions. Related fees earned during fiscal year 2002 amounted to $2,399,000 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, 2002, this amount totaled $24,000.

The Corporation also holds an amount of $31,000 which represents excess 236 interest reduction subsidies.

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, 2002, HDC had set aside $470,000 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,	
2003	$ 1,155,000
2004	1,149,000
2005	1,217,000
2006	1,240,000
2007	1,240,000
Total 2003 – 2007	**6,001,000**
2008 – 2012	6,581,000
2013 – 2015	3,102,000
Total	**$ 15,684,000**

For fiscal year 2002, the Corporation's rental expense amounted to $1,183,000.

Remaining mortgage commitments and other loan commitments at October 31, 2002 are as follows:

Mortgage Loans:	
Multi-Family Bond Programs	
Housing Revenue	$ 82,603,000
80/20	155,372,000
100% Low Income Tax-Exempt	10,947,000
Total Mortgage Loan Commitments	$ 248,922,000
Other Loans:	
Corporate Services	82,180,000
Total Commitments	**$ 331,102,000**

(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,		
2003	$	50,000
2004		56,000
2005		60,000
2006		61,000
2007		61,000
Total 2003 – 2007	**$**	**284,000**
2008 – 2012		322,000
2013 – 2015		151,000
Total	**$**	**761,000**

For fiscal year 2002, REMIC's rental expense amounted to $56,000.

As of October 31, 2002, REMIC insured loans with coverage totaling $73,021,000 and had outstanding commitments to insure loans with a maximum insurance coverage of $34,476,000.

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 2002 in Net Assets are as follows:

	Restricted	Unrestricted	Totals
Net Assets:			
Beginning of year	$ 314,569,000	353,043,000	667,612,000
Income	28,179,000	17,231,000	45,410,000
Transfers	(11,408,000)	11,408,000	—
Net Assets:			
End of year	$ 331,340,000	381,682,000	713,022,000

Out of the total Unrestricted Net Assets listed below, $146,104,000 are committed to mortgages, other loans, and arbitrage purchased from New York City. An additional $171,012,000 has been designated by the Members for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has $4,999,000 in fixed assets.

Summary of Unrestricted Net Assets	2002	2001
Designated Assets:		
Housing Programs	$171,012,000	182,776,000
Existing Mortgages	124,139,000	84,899,000
Sale of Mortgages	756,000	1,356,000
Arbitrage purchased from New York City	21,209,000	22,596,000
Fixed Assets	4,999,000	5,927,000
Working Capital	5,000,000	5,000,000
Rating Agency Reserve Requirement	40,000,000	40,000,000
Total Designated	**$367,115,000**	**342,554,000**
Non-Designated Assets:		
REMIC	12,771,000	8,722,000
Housing New York Corporation	1,796,000	1,767,000
Total Non-Designated	**$14,567,000**	**10,489,000**
Total Unrestricted Net Assets	**$381,682,000**	**353,043,000**

Note 15: Subsequent Events

Subsequent to October 31, 2002 and through January 3, 2003, in the course of the Corporation's normal business activities the following obligations of the Corporation have been issued:

Description	Date	Amount
2002 Series A Multi-Family Revenue Bonds (First Avenue Development) —Variable Rate Bonds maturing in 2035	11-13-02	$44,000,000
2002 Series A & B(Federally Taxable) Multi-Family Mortgage Revenue Bonds (400 West 55th Street Development) —Variable Rate Bonds maturing in 2035	12-18-02	65,000,000
2002 Series E-1, E-2 and F Multi-Family Housing Revenue Bonds	12-19-02	27,900,000
Total		**$136,900,000**

In addition, due to the receipt of mortgage prepayments during October and November 2002, bonds payable totaling $31,580,000 were called and retired subsequent to the fiscal year end through January 3, 2003.

OTHER INFORMATION

Year Ended October 31, 2002

Schedule 1:

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

Housing Revenue Bond Program
Schedule Balance Sheet Information
October 31, 2002 and 2001 (in thousands)

	2002	2001
Assets:		
Current Assets:		
Cash and investments	$ 1,424	2,498
Mortgage loan receivable	41,257	32,744
Accrued interest receivable	4,981	3,973
Other receivables	64	22
Other assets	2	3
Total Current Assets	**$ 47,728**	**39,240**
Noncurrent Assets:		
Cash and investments	309,307	261,447
Mortgage loan receivable	1,099,858	739,066
Unamortized issuance cost	8,756	5,302
Primary government/component unit receivable (payable)	(11,636)	(32,330)
Other assets	22,609	—
Total Noncurrent Assets	**$1,428,894**	**973,485**
Total Assets	**$1,476,622**	**1,012,725**
Liabilities:		
Current Liabilities:		
Bonds payable	76,695	63,460
Accrued interest payable	18,587	20,241
Accounts and other payables	—	2
Deferred fee and mortgage income	2	52
Due to the United States	1,447	2,522
Due to mortgagors	1,514	263
Total Current Liabilities	**$ 98,245**	**86,540**
Noncurrent Liabilities:		
Bonds payable (including deferred bond refunding cost)	904,247	647,246
Discount on bonds payable	(712)	(966)
Payable to New York City	185,431	23,500
Deferred fee and mortgage income	15,538	14,008
Due to the United States	470	302
Due to mortgagors	2,293	4,478
Total Noncurrent Liabilities	**$1,107,267**	**688,568**
Total Liabilities	**$1,205,512**	**775,108**
Net Assets:		
Restricted	271,110	237,617
Total Net Assets	**$ 271,110**	**237,617**
Total Liabilities and Net Assets	**$1,476,622**	**1,012,725**

Schedule 1 (cont'd):

Housing Revenue Bond Program
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Fiscal Years ended October 31, 2002, and 2001 (in thousands)

	2002	2001
Operating Revenues:		
Interest on loans	62,030	60,847
Fees and charges	5,599	2,146
Total Operating Revenues	**$ 67,629**	**62,993**
Operating Expenses:		
Interest and amortization	41,680	39,148
Services of New York City	239	322
Trustee and other fees	57	99
Amortization of debt issuance costs	712	421
Total Operating Expenses	**$ 42,688**	**39,990**
Operating Income	**$ 24,941**	**23,003**
Nonoperating Revenue (Expenses):		
Earnings on investments	10,833	11,579
Nonoperating expenses	(30)	(49)
Total Nonoperating Revenues (Expenses)	**$ 10,803**	**11,530**
Income before Distributions and Transfers	**$ 35,744**	**34,533**
Operating transfers to Corporate Services Fund	(7,761)	(2,828)
Distributions	5,510	(9,502)
Change in Net Assets	**$ 33,493**	**22,203**
Total net assets - beginning of year	**237,617**	**215,414**
Total Net Assets - End of Year	**$ 271,110**	**237,617**

Visit www.nychdc.com for more information on the New York City Housing Development Corporation.

Visit www.nychdc.com/annualreport2002 for a downloadable PDF of this annual report.

www.nychdc.com

Designed by Kellyco Marketing/www.kellycomarketing.com
Resident portraits by Bela Borsodi, Building photography by Larry Racioppo

NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

110 WILLIAM STREET, NEW YORK, NY 10038

www.nychdc.com