New York City Housing Development Corporation 2003 Annual Report

ground | breaking

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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

(under construction, pictured on front cover:
600 Concord Avenue
Bronx, 83 units (LAMP)

(under construction, pictured below:
Olga Mendez Apartments/1652 Park Avenue
Manhattan, 74 units (LAMP)

ground | breaking

Ground-breaking programs that invest in New York's future

The New York City Housing Development Corporation is pleased to support Mayor Michael R. Bloomberg's five-year initiative, *The New Housing Marketplace*.

Housing is the backbone of communities, and in New York City providing quality affordable housing to the hard-working people that keep the City going is essential. Since its inception in 1971, the New York City Housing Development Corporation (HDC) has demonstrated leadership in the financing of low-, moderate- and middle-income multi-family rental and homeownership housing.

In its more than 30-year existence, HDC's innovative, *ground-breaking* programs have provided over $3.8 billion in financing for the construction and preservation of more than 78,000 units of affordable housing throughout New York City.

In 2003, HDC financed a record level of housing production. With the advent of Mayor Michael R. Bloomberg's *New Housing Marketplace: Creating Housing for the Next Generation* program and the start of redevelopment in lower Manhattan, HDC provided financing to developers that broke ground on a record number of new development sites.

HDC is proud of its tradition of innovative and forward-thinking programs that facilitate the development of more affordable housing for New Yorkers. The impressive roster of developments both under construction and recently completed demonstrates the organization's commitment to results. This commitment will continue to create and preserve affordable housing for years to come.


KOMATSU

forward | thinking

Report of the President and Chairman
Emily A. Youssouf and Shaun Donovan

Creating financing strategies to preserve and create affordable housing, now and for years to come

On behalf of the Members of the New York City Housing Development Corporation (HDC) and its subsidiary corporations, including the New York City Residential Mortgage Insurance Corporation (REMIC), Housing New York Corporation (HNYC), and the Housing Assistance Corporation (HAC), we are pleased to submit our 2003 Annual Report.

Historically, New York City has experienced periods of growth and change characterized by explosions of creativity in all segments of society. It is clear that with new population growth and a recovering economy, New York has already entered a cycle of expansion and creativity and that the next five to 10 years will witness dramatic changes to the face of our City—new buildings, stronger neighborhoods, new populations, helping the greatest city in the world continue to grow and prosper.

For HDC, 2003 was a year emblematic of the new starts for our City, and HDC looks forward to continuing to play an integral part in shaping the affordable housing market in New York City.

A Year of Remarkable Production
Highlights of fiscal year 2003 include:

- 2,969 new housing units financed, the Corporation's highest annual production since the passage of the Tax Reform Act of 1986 and an increase from 2,834 the previous year;
- $595 million in loans originated, committed or refinanced as compared to the $523 million the previous year;
- $64.1 million generated in revenue for the City of New York by securitizing 329 seasoned loans which HDC purchased from the City.

New Program Initiatives to Meet Changing Demands
During the past twelve months, HDC played an important role in launching two major initiatives which will help to reconfigure the face of our City—Mayor Michael R. Bloomberg's *The New Housing Marketplace: Creating Housing for the Next Generation* and the Liberty Bond Program.

During the second quarter of fiscal year 2003, HDC launched its program initiatives as part of the Mayor's five-year housing plan, *The New Housing Marketplace*. This plan is a $3 billion housing initiative dedicated to building and preserving 65,000 units of housing. The historically tight housing market in New York City is growing even tighter. Although New York's housing stock is physically better than it has been in decades, one quarter of the City's citizens pay over 50% of their personal income toward rent, while hundreds of thousands more live in overcrowded conditions. Mayor Bloomberg's *New Housing Marketplace* plan responds with a broad array of innovative strategies to jump start housing production and ensure it remains affordable. Already, new zoning plans, cutting-edge financial tools, and streamlined regulations have boosted housing starts to new heights.

HDC is supporting the Mayor's housing plan by committing $500 million from its corporate reserves to finance

(under construction, pictured left)
3880 Orloff Avenue
Bronx, 101 units (New HOP)


GROVE
GROVE

17,000 apartments over the next five years. To meet this obligation, HDC has enhanced two of its most popular financing programs; Low-Income Affordable Marketplace Program (LAMP) and middle-income New Housing Opportunities Program (New HOP).

Through LAMP, HDC for the first time began to provide subordinate loans through its corporate reserves with loan amounts having a maximum of $55,000 per unit for up to $7.5 million per development. Through this program, HDC provided a total plan commitment of $100 million to finance 3,000 units of affordable housing.

The Corporation recognized the need to provide higher subsidies for New HOP developments to help offset the high cost of land acquisition, encourage developers to construct larger developments, create larger units and charge lower rents. Overall, HDC has committed $350 million through this program to finance 8,000 units of affordable housing.

The Liberty Bond Program is a portion of the federal assistance made available to New York to support and encourage the redevelopment and revitalization of lower Manhattan. Up to $8 billion in tax-exempt bonds may be issued for housing and commercial development. Through HDC, the City has up to $800 million of these bonds to issue for the construction or rehabilitation of multi-family rental apartments located below Canal Street.

During fiscal year 2003, HDC issued $245 million in Liberty Bonds to finance the new construction and office conversion for two developments, generating over 1,000 new units of housing in lower Manhattan. In concert with the Liberty Bond Program, HDC applied a 3% origination fee charged to developers using financing through this program to finance affordable housing on other sites. With the two bond issuances, HDC generated $7.8 million which was used to fund 172 new units of affordable housing in Queens and the Bronx.

Subsidiaries:
Residential Mortgage Insurance Company (REMIC)

REMIC, like its parent company, had a strong and productive year. REMIC, established by the State Legislature in 1973, works with the private sector to stimulate the issuance of residential loans, many of which would not proceed without credit enhancement. In 2003, REMIC:

- Issued 47 Commitments to Insure, a substantial increase from the 33 commitments made in FY 2002 and the third highest in REMIC's history;
- Insured 17 loans for 475 units and a total mortgage amount of $30,291,550;
- Showed a net profit of over $5.0 million on $5.6 million of revenue.

Housing Assistance Corporation (HAC)

In 1986, this subsidiary was chartered in order to provide funds for affordable housing in the form of tenant subsidies and/or mortgage loans. HAC was initially granted surplus revenues from the Municipal Assistance Corporation to subsidize 13 developments containing 1,326 apartments.

In 2003, Ruppert/Yorkville, a four-building development located at 1601, 1619, 1623, and 1641 Third Avenue in Manhattan, bought out of the Mitchell-Lama program. In order to subsidize rents for tenants earning below 80% of Area Median Income, who continue to reside at Ruppert/Yorkville, HAC agreed to provide rental subsidies for 178 households. In 2003, HAC disbursed $1.4 million for this subsidy program and anticipates the subsidy will disburse approximately $3 million during 2004.

Housing New York Corporation (HNYC)

Created in 1986, HNYC issued bonds to finance a housing program designed to increase the supply of low- and moderate-income housing. In carrying out its obligation, the subsidiary accrued earnings over the years totaling $1.7 million. Since HNYC's authority to issue bonds for new developments expired in 1996, and as of the end of fiscal year 2003 there were no bonds outstanding, the $1.7 million was transferred to its parent company. HDC will use these funds to carry out its mission to finance affordable housing.

Preparing for the Future

In 2003, HDC experienced a record level of production, which is expected to continue increasing during the coming years. Additionally, given that HDC is in its third decade of operation, we want to ensure that as our portfolio matures we will have the proper safeguards in place to protect our assets. HDC staff made significant changes within its internal operations during the year in anticipation of these demands.

One of the changes implemented was the establishment of a Credit Committee charged with reviewing and monitoring the quality of HDC's investments in affordable housing. The Committee

(under construction, pictured left)
233 Atlantic Avenue at Court Street
Brooklyn, 320 units (80/20)

reviews not only new investments, but the existing HDC portfolio in an effort to ensure the lowest risk exposure for the Corporation.

We have begun to restructure our asset management processes and move toward a project management model that will be more compliant with industry standards. We will have project managers who will have comprehensive knowledge of all aspects of a development's performance including physical inspections, vacancy issues and trends in the financials. We believe that this will enable us to be more proactive, to intervene earlier and to address management issues within certain developments before they sustain serious deterioration.

Even prior to the restructuring, our asset management staff functioned at the highest level and, as a result, only three loans, representing less than 1% of the Corporation's outstanding loan portfolio, are in debt service arrears more than 60 days. None of these loans represent an imminent risk of financial loss for the Corporation. In addition, only five loans, representing less than 1% of the Corporation's portfolio, are in workout. Again, none of these loans represent an imminent risk of financial loss for HDC.

Solid and consistent debt management continues to be employed by the Corporation. As a result of the Corporation's continued fiscal prudence and integrity, HDC, once again, was evaluated by Standard and Poor's Rating Services and was reaffirmed with a AA rating.

The Future of Housing Production

The City's future relies on our ability to provide housing for those people who keep our City running and businesses growing. Consistent production of affordable housing has a significant impact on economic growth, neighborhood development and quality of life. Even though the City is going through a period of increased housing production, it is still experiencing a staggering shortage of affordable housing for all income groups. HDC will continue to find new and creative ways to preserve the City's existing housing stock and to produce new affordable housing for the citizens of New York City.

In 2003, concerns over the preservation of Mitchell-Lama housing escalated. The developments in this program are aging and are in need of repair in order to extend its useful life. HDC is committed to expanding its resources to upgrade these buildings so that they may serve another generation of New Yorkers. Through the Mayor's plan, we are initiating a $50 million preservation loan program to make critical repairs in these housing developments.

HDC, along with New York City Department of Housing Preservation and Development (HPD), also expects to launch a new program in 2004 to address the growing need of affordable housing for moderate-income New Yorkers. This new program, New HOP MOD, will combine resources available through HDC's New Housing Opportunities (New HOP) program with HPD's Low Income Housing Tax Credits program. This financing structure will allow for a broader range of affordability. Over the next five years, HDC will pledge $60 million towards this program.

Additionally, HDC is participating with HPD and the private banking sector in launching the New Ventures Incentive Program (New VIP). The program is designed to accelerate the construction of new housing throughout the five boroughs. Over the next five years, New VIP will provide financing for acquisition and pre-development costs to encourage residential development in vacated manufacturing areas, particularly brownfields. HDC has committed to guarantee, in a first loss position, a total of $8 million as part of this program in order to leverage the bank financing.

On a personal note, we want to wish recently retired Jerilyn Perine, former Chairperson of HDC and Commissioner of the New York City Department of Housing Preservation and Development, the best in her future endeavors. Jerilyn served New York City for more than 26 years and was an integral part of the housing community in our City. Even in her absence, we are sure that her presence will be felt by those of us dedicated to preserving and advancing housing in New York City. She will be missed.

Finally, a report on HDC's activities would be incomplete if it failed to recognize those who have worked so hard to make the Corporation a success. The HDC staff produced a landmark year of housing finance production and profit for which we all can be proud. Attached to this Annual Report, you will find a list of HDC employees. Our thanks and appreciation goes out to each and every one of them for the fine work they did under most trying circumstances.

Emily A. Youssouf
President

Shaun Donovan
Chairman

(under construction, pictured left)
Bradhurst Court
Manhattan, 126 units (Homeownership)

(under construction)
Beach 96th Street
Queens, 72 units (New HOP)

(under construction, pictured left)
2216 Frederick Douglass Blvd, Triangle III
Manhattan, 97 units (New HOP)

results | driven

In the five boroughs of New York City there are more than 300 neighborhoods, each with distinct characteristics and needs. But, whatever the differences, each of them demands and is entitled to adequate housing.

The New York City Housing Development Corporation is committed to continually developing innovative programs that create and preserve affordable housing.
And proudly, with results to match.

HDC is a nationally recognized leader in providing housing finance programs that maximize affordability. The corporation distinguishes itself from other housing finance agencies because HDC programs rely predominantly on private investments and not capital budgets. Through the issuance of tax-exempt and taxable bonds, the Corporation provides private developers low-cost financing in return for the construction and preservation of affordable housing. Additionally, HDC provides second position mortgages, in the form of one percent loans, through its own corporate reserves.

The housing market in New York City is best characterized as very volatile, and the economic needs of its citizens very diverse. As a result, HDC works tirelessly to ensure its programs continually meet the challenges facing the creation and preservation of affordable housing as well as identifying opportunities to increase its production.

Fiscal year 2003 was exemplary for HDC programs and was filled with notable achievements. With the availability of Liberty Bonds and with the commencement of the Mayor's *New Housing Marketplace Program: Creating Housing for the Next Generation*, 2,969 new units of housing were created through HDC financing programs.

Liberty Bond Program

This program provides developers tax-exempt bond financing for the new construction and conversion of multi-family rental apartments in lower Manhattan. HDC has up to $800 million dollars to allocate through this program.

In fiscal year 2003 HDC allocated $245 million in financing for its first two Liberty Bond transactions. The developments will generate a total of 1,048 apartments.

- 90 Washington Street – $74.8 million issued for the conversion of a 27-story office building located between Washington and West Streets. The new building contains 398 apartments.
- 2 Gold Street – $170.3 million issued for the new construction of a 51-story, 650-unit residential rental building located at 2 Gold Street between Maiden Lane and Platt Street.

In addition, HDC collects a three percent origination fee from developers utilizing the Liberty Bond financing. This three percent fee is used as subsidy money for one percent second mortgage loans for affordable housing developments in the City.

During fiscal year 2003, this fee generated $7.8 million. The corporation allocated this money for the creation of 172 new units of affordable housing:

- 95-01 Beach 96th Street – $2.9 million in subsidy provided for the construction of a middle-income 72-unit development located in Rockaway, Queens.
- 3880 Orloff Avenue – $4.5 million in subsidy provided for the construction of a 100-unit development located in the Kingsbridge section of the Bronx.

New Housing Opportunities Program

Through this program, also known as New HOP, HDC uses its corporate reserves to make one percent subordinate loans combined with taxable bond proceeds to finance moderate and middle-income rental and homeownership housing throughout the City.

In fiscal year 2003, HDC issued

(pictured right)
Hudson Crossing/400 37th Street
Manhattan, 260 units (Taxable 80/20)

$52.7 million in taxable bonds to make first position mortgage loans and provided $20.1 million through its corporate reserves to finance 682 new units of housing:

- 3800 Putnam Avenue, Deegan II– $4.3 million in taxable bonds issued, with $1.4 million in subsidy to finance the construction of a 44-unit building in the Bronx.
- 84th Drive – $6.7 million in taxable bonds issued, with $1.5 million in subsidy to finance the construction of a 49-unit building in Queens.
- 221-229 Parkville Avenue – $4.5 million in taxable bonds issued, with $1.6 million in subsidy to finance the rehabilitation of a 41-unit building in Brooklyn.
- 276 West 119th Street, Triangle III – $14 million in taxable bonds issued, with $3.2 million in subsidy for the new construction of 97 apartments in Manhattan.
- 210 East 118th Street, The Farrington – $3.4 million in taxable bonds issued, with $1 million in subsidy to finance the new construction of a 27-unit building in Manhattan.
- 90-05 161st Street, Yorkside Towers – $9.1 million in taxable bonds issued, with $2.9 million in subsidy to finance the new construction of a 90-unit building in Queens.
- 211 West 117th Street, Artimus Vacant Buildings – $3 million in taxable bonds issued with $1.5 in subsidy to finance the new construction of 41 apartments in Manhattan.
- West 117th Street, Shabazz Gardens – $2.3 million in taxable bonds issued with $2.3 million in subsidy to finance the new construction of a homeownership development containing 51 apartments in Manhattan.
- 300 West 135th Street, Strivers Gardens – $3.4 million in subsidy provided for the new construction of a homeownership development with 170 apartments.
- 95-01 Beach 96th Street – $5.4 million in taxable bonds issued with $2.9 million in subsidy (generated through the Liberty Bond program) provided for the construction of a middle-income 72-unit development located in Rockaway, Queens.

Since its inception in 1997, New HOP has produced over 5,000 apartments and provided $137 million in subsidy money, leveraging over $425

(pictured above)
Shoreview/Beach 94th Street
Queens, 92 units (New HOP)

(pictured above right)
Harriet Tubman Gardens
2235 Frederick Douglass Boulevard
Manhattan, 74 units
(Homeownership)

(pictured right)
1400 Fifth Avenue
Manhattan, 128 units
(Homeownership)

million in first mortgage loans.

Low-Income Affordable Martketplace Program

This program, also known as LAMP, finances the new construction and rehabilitation of low-income multi-family rental apartments. Through LAMP, tax-exempt bonds are issued as first mortgage loans and are coupled with HDC one percent subordinate loans. In addition, developments are eligible to receive Federal Low-Income Housing Tax Credits.

During fiscal year 2003, HDC provided financing for 6 developments with a total of over 799 new apartments:

- 1240 Washington Avenue – $8.5 million in tax-exempt bonds issued with $3.4 million in subsidy to create 100 apartments in the Bronx.
- La Fontaine Avenue – $6.1 million in tax-exempt bonds issued for a 74-unit building in the Bronx.
- Dr. Betty Shabazz Houses, Gates Avenue - $7.4 million in tax-exempt bonds issued for 160 apartments in Brooklyn.
- Medgar Evers Houses – $8.4 million in tax-exempt bonds issued for 308 apartments in Brooklyn.
- 555 West 52nd Street, Clinton Parkview – $12.2 million in tax-exempt bonds issued for the creation of 96 apartments in Manhattan.
- 2913 Eighth Avenue, Madam CJ Walker – $3.2 million in tax-exempt bonds issued for a 41-unit apartment building in Manhattan.

Started in 1997 as the 100% LITE program, HDC has provided a total of over $226 million to create more than 3,000 low-income apartments.

Mixed-Income

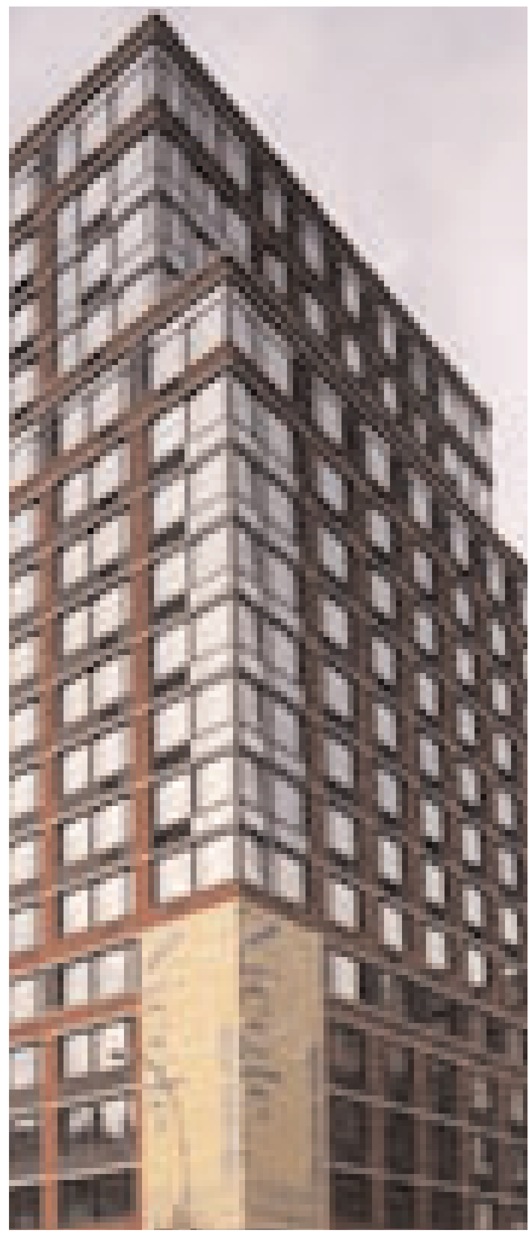
This is a new program for HDC and was initiated in fiscal year 2003 to encourage the development of mixed-income housing. The program is the first to combine market-rate rental apartments with units reserved for middle- and low-income residents.

Through this program, HDC combines the use tax-exempt bonds with subsidies provided in the form of a second mortgage to finance multi-family rental housing.

The first development financed through this program was 1955 First Avenue, located between 100th and 101st Streets. HDC provided $44 million in tax exempt bond financing, as well as $2.7 million in subsidy financing, to create an economically integrated 231-unit apartment building in Manhattan.

(pictured above left)
The Fountains at Spring Creek/922 Forbell Street
Brooklyn, 102 units (LAMP)

(pictured above right)
The Westport/841 10th Avenue
Manhattan, 371 units (80/20)



(pictured above)
The Hamilton/330 W. 145th Street
Manhattan, 77 units (Homeownership)

(pictured above right)
The Nicole/400 55th Street
Manhattan, 149 units (80/20)

(pictured opposite page)
203-215 West 148th Street
Manhattan, 87 units
(LAMP)

(pictured above)
203-215 West 148th Street
Manhattan, 87 units
(LAMP)

(pictured far left)
725 & 737 Fox Street
Bronx, 106 units
(LAMP)

(pictured near left)
520 West 48th Street
Manhattan, 109 units
(80/20)

governing board

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 Shaun Donovan, the Commissioner of the New York City Department of Housing Preservation and Development (HPD), serves as ex-officio Chairman; Peter Madonia serves as Vice Chairman and is a Mayoral Appointee; Harry Gould serves as Member and is a Mayoral Appointee; 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), serve as ex-officio members. Michael W. Kelly and Charles O. Moerdler serve as members and Gubernatorial appointees.

executive team

The New York City Housing Development Corporation's executive staff (clockwise from top left): John A. Crotty, Executive Vice President and Chief of Staff; Terry A. Gigliello, Senior Vice President of Portfolio Management; Urmas Naeris, Chief Credit Officer; Randi E. Gordon, Senior Vice President of Asset Management; Richard M. Froehlich, Senior Vice President and General Counsel; Lisa A. Gomez, Senior Vice President of Development; Emily A. Youssouf, President; and Carol S. Kostik, Senior Vice President and Chief Financial Officer

dedicated staff

Stacy-Ann Bailey
Melissa Barkan
Polly Bascom
Cathleen A. Baumann
Denis A. Belic
Roger Bellegarde
Megan Black
Helen Bojceniuk
Juliet L. Bolden
Gerald Boone
Geraldine Brown
David R. Browne
Clytie Brusch
Stacey Burress
Joanne B. Cambridge
Maria L. Carpio
Mei Kit Chan
Evelyn S. Chen
Ping Choi
Farina Cocker
John Crotty
Letisha Day
Keith M. Dealissia
Rhoda Deane-Yhap
Louis DeLuca
Nicole DeNoia
Jeffrey R. DeVito
Jacqueline Edwards-Lewis
Loharina Estrella
John L. Fagan
Clarissa Fils-Aime
Denise Finnegan
Richard M. Froehlich
Serena Fung
Teresa A. Gigliello
Yvonne Glenn
Lisa A. Gomez
Randi Gordon
Rachel T. Grossman
Steven Ignatiou
Shirley M. Jarvis
Mary C. John
Peggy F. Joseph
Darryl Kendrick
Aaron Koffman
Zuanett Koonce
Carol Kostik
Madhavi Kulkarni
Armando C. La Torre
Chiang Lam
Charlena Lance
Israel LaSalle
Delia L. Lau
Jackie C. Lau
Nancy E. Lauck
Heather A. Laurel
Uyen V. Luu
Z. Peter Malecki
Sylvia Martinez
Mary McConnell
Sonia Medina
Debbie Merritt-Ford
Kenneth Mertz
Lucille M. Messina
Michelle Mok
Kevin Moore
Ana M. Morales
Ruth A. Moreira
Joan Morrison
Urmas Naeris
Stephen I. Nagy
Susan M. O'Neill
Yaffa Oldak
Omega Ortiz
Edward A. Overton
Tracy J. Paurowski
Paris A. Pelham
Doris Perez
Joseph V. Perrone
James D. Petrone
Virginia L. Philpott
Diane J. Pugacz
James P. Quinlivan
Roberto Ramirez
Karyn Raguette
Percival Rennie
John Richards
June M. Ricketts
Jose Rivera
Violine Roberty
Gary Rodney
Sithichai Salacheep
Karen A. Santiago
Sylvia Santiago
Betty Scarlett
Frieda Schwartz
Bharat C. Shah
Bonnie Sprung
Giacomo Tafuro
Irene Tang
Shirell Taylor
Paulette V. Todman
Seymour Trommer
Patricia Waller
Mei Ping Wang
Micah J. Watts
Moishe Weiss
Joy F. Willig
Nancy E. Wolf
Mary Wu
Simon Wu
John Yaeger
Irene M. Yau
Henry Yee
Annie Yiu
Emily A. Youssouf
Cheuk K. Yu
Yvette D. Yuille

current developments

New Housing Opportunities Program (New HOP)
Middle-Income Multi-family Rental Apartments

Project Name	1st Loan Amount	2nd Loan Amount	Number of Units
Bronx			
3815 Putnam Avenue	$ 8,290,000	$ 1,820,000	91
Beechwood at Needham	$ 4,400,000	$ 1,600,000	47
Palmer Court			
(3300 Palmer Avenue)	$ 12,100,000	$ 3,040,000	135
Putnam-Deegan II	$ 4,310,000	$ 1,430,000	44
Brooklyn			
139 Emerson Place	$ 4,000,000	$ 1,250,000	50
167 Clermont Avenue	$ 10,340,000	$ 2,200,000	110
1961 Ralph Avenue	$ 9,190,000	$ 2,330,000	72
277 Gates Avenue	$ 2,500,000	$ 875,000	35
287 Prospect Avenue	$ 4,740,000	$ 886,000	52
421 DeGraw Street	$ 7,713,000	$ 1,710,000	90
471 Vanderbilt Avenue	$ 2,327,269	$ 520,000	26
597 Grand Avenue	$ 3,617,000	$ 1,462,000	52
64 West 9th Street	$ 3,060,000	$ 725,000	26
79 Clifton Place	$ 3,800,000	$ 720,000	40
800 Bergen Street	$ 1,570,000	$ 1,280,000	32
893-895 Pacific Street	$ 1,490,000	$ 200,000	16
50 Greene Avenue	$ 3,619,000	$ 1,322,100	39
221-231 Parkville Avenue	$ 4,550,000	$ 1,600,000	41
Manhattan			
170 East 108th Street;			
156 East 109th Street;			
1509 Lexington Avenue	$ 1,530,000	$ 250,000	17
202-218 West 148th Street	$ 6,550,000	$ 3,300,000	100
Triangle Court I	$ 3,820,000	$ 1,275,000	51
2232,2295-97 First Avenue	$ 1,910,000	$ 630,000	21
235-247 East 105th Street	$ 3,800,000	$ 1,800,000	48
279 West 117th Street	$ 18,770,000	$ 3,492,000	138
306-318 West 117th Street	$ 17,600,000	$ 3,816,000	90
351 East 4th Street	$ 3,460,000	$ 869,000	33
394 East 8th Street	$ 4,047,000	$ 950,000	38
Harlem Gateway I	$ 4,570,000	$ 1,530,000	50
Triangle Court II	$ 3,400,000	$ 106,000	40
West 144th Street	$ 5,820,000	$ 3,800,000	110
210 East 118th Street	$ 3,400,000	$ 1,012,500	27
Artimus Vacant Buildings	$ 3,020,000	$ 1,470,000	41
Triangle III	$ 14,000,000	$ 3,152,500	97
Queens			
136-14 Northern Boulevard	$ 7,000,000	$ 1,950,000	60
136-43 37th Avenue	$ 6,685,000	$ 480,000	60
137-02 Northern Boulevard	$ 7,200,000	$ 1,775,000	71
140-26 Franklin Avenue	$ 5,451,000	$ 1,415,000	54
14-56 31st Drive	$ 7,400,000	$ 1,450,000	60
32-08 Union Street	$ 2,770,000	$ 642,500	25
46-19 88th Street	$ 1,320,000	$ 425,000	17
58-12 Queens Boulevard	$ 15,075,000	$ 2,250,000	122
65-84 & 66-08 Austin Street	$ 12,000,000	$ 2,250,000	132
71 Ave. & Parsons Blvd.	$ 17,200,000	$ 2,650,000	137
99-22 67th Road	$ 3,390,000	$ 1,010,000	29
Astoria Apartments	$ 2,193,200	$ 3,951,500	62
Bayside Gardens	$ 2,092,000	$ 500,000	26
Beach 94 Street	$ 7,640,000	$ 2,240,000	92
Queenswood	$ 10,800,000	$ 17,929,100	296
9501 Rockaway Boulevard	$ 5,380,000	$ 2,880,000	72
161st Street	$ 9,100,000	$ 2,925,000	90
84th Drive	$ 6,760,000		49
Total	**$316,769,469**	**$ 99,146,200**	**3,353**

Homeownership

Project Name	1st Loan Amount	2nd Loan Amount	Number of Units
Bronx			
Daly Avenue	$ 2,048,304		32
Tremont-Vyse I	$ 1,536,228		24
Tremont-Vyse II	$ 1,152,171		18
Tremont-Vyse III	$ 1,920,285		30
Brooklyn			
South Williamsburg	$ 6,645,000		105
Manhattan			
1400 Fifth Avenue	$	1,920,000	129
Bradhurst Court	$ 5,000,000	$ 5,000,000	128
Harriet Tubman Apartments	$ 2,960,000	$ 2,960,000	74
Madison Park Apartments	$ 3,750,000	$ 3,750,000	129
Madison Plaza	$ 3,680,000	$ 3,680,000	92
Maple Court	$ 11,863,627		135
Maple Plaza	$ 16,750,000	$ 1,860,000	155
The Renaissance	$ 31,615,000	$ 6,935,000	241
The Hamilton	$ 3,040,000	$ 3,040,000	77
The Washington	$ 3,380,000	$ 3,380,000	104
Shabazz Gardens	$ 2,295,000	$ 2,295,000	51
Strivers Gardens		3,380,000	170
Staten Island			
Celebration Townhouse	$ 9,798,000		74
Total	**$107,433,615**	**$ 38,200,000**	**1,768**

Low-Income Affordable Marketplace Program (LAMP)
Low-Income Multi-family Rental Apartments

Project Name	1st Loan Amount	2nd Loan Amount	Number of Units
Bronx			
637 Sagamore Street	$ 6,250,000		84
725 & 737 Fox Street	$ 7,000,000		106
900 Ogden Avenue	$ 9,000,000		120
454-464 East 148th Street	$ 5,900,000		79
450-452 East 148th Street	$ 2,900,000		34
Longfellow Hall	$ 915,000		108
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	$ 6,700,000		90
1240 Washington Avenue	$ 8,500,000	$ 3,350,000	100
1314 Nelson Avenue	$ 9,200,000		115
La Fontaine Avenue	$ 6,100,000		74
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	$ 2,800,000		36
1426 Loring Avenue	$ 6,000,000		83
1120-22 Madison Street	$ 670,000		16
1469-71 Bedford Avenue	$ 1,800,000		27
46-58 Sullivan Street	$ 1,300,000		20
Dr. Betty Shabazz Houses			
(Gates Avenue)	$ 7,400,000		160
Medgar Evers Houses	$ 8,400,000		308
Manhattan			
Lafayette Gardens	$ 3,700,000		47
Tony Medez Apartments			
(75 East 116th Street)	$ 11,440,000		130
55 West 129th Street	$ 1,818,000		36
216 & 224 West 141st St.	$ 1,342,000		31

Low-Income Affordable Marketplace Program (LAMP)
Low-Income Multi-family Rental Apartments *(continued)*

Project Name	1st Loan Amount	2nd Loan Amount	Number of Units
229-31 East 105th Street, 307-309 Pleasant Avenue, 117-199 East 115th)	$ 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
349-359 Lenox Avenue	$ 1,700,000		26
67 Macombs Place & 259 West 152nd Street	$ 3,300,000		58
208 West 133rd Street	$ 3,000,000		55
203-215 West 148th Street	$ 6,800,000	$ 3,480,000	87
70-74 East 116th Street	$ 1,600,000		23
Clinton Parkview (555 West 52nd Street)	$ 12,200,000		96
Madam CJ Walker (8th Avenue)	$ 3,200,000		41
Queens			
Wavecrest (Beach 24th and Seagirt Avenue)	$ 9,800,000		122
Total	**$188,384,000**	**$ 6,830,000**	**2,887**

80/20 Program

Project Name	Loan Amount	Number of Units
Manhattan		
130 West 15th Street (Sierra)	$ 56,000,000	213
520 West 43rd Street	$ 55,070,000	375
520 West 48th Street	$ 22,500,000	109
400 West 59th Street (One Columbus)	$ 150,000,000	729
189 West 89th Street (Sagamore)	$ 53,000,000	265
251 West 94th Street (The Lyric)	$ 91,000,000	285
Chelsea Centro	$ 88,320,000	356
600 Columbus (Columbus Apartments)	$ 24,600,000	166
The Brittany (1775 York Avenue)	$ 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	371
Tribeca Tower (105 Duane Street)	$ 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
400 West 55th Street	$ 65,000,000	149
Hudson Crossing (400 West 37th Street)	$ 45,040,000	260
Queens		
The Bristol	$ 5,620,000	66
Total	**$1,591,878,300**	**8,182**

Mixed-Income Program

Project Name	1st Loan Amount	2nd Loan Amount	Number of Units
Manhattan			
1955 First Avenue	$ 44,000,000	$ 2,750,000	231

Liberty Bond Program

Project Name	Loan Amount	Number of Units
Manhattan		
90 Washington Street	$ 74,800,000	398
2 Gold Street	$ 170,300,000	650
Total	**$ 245,100,000**	**1,048**

Affordable Housing Permanent Loan Program

Project Name	Loan Amount	Number of Units
Bronx		
Allerton Coops	$ 6,094,365	698
1290/1326 Grand Concourse (B & L Concourse)	$ 2,412,200	104
Artist's Housing	$ 915,400	23
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
4673 Park Avenue	$ 185,000	8
Brooklyn		
217 Ocean Avenue	$ 499,765	49
285 Development	$ 1,800,000	58
Clarkson Gardens	$ 2,000,000	105
Willoughby/Wyckoff Apartments	$ 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

current developments

Affordable Housing Permanent Loan Program *(continued)*

Project Name		Loan Amount	Number of Units
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
530 Herzl Street	$	1,210,713	44
1002 Garrison Avenue	$	487,000	20
St. Ann's Apartments	$	1,449,229	60
270 Rochester	$	887,000	16
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 Adam Clayotn Powell Jr. Blvd	$	406,086	26
326 & 340 Pleasant Avenue	$	629,500	10
2006 Amsterdam Avenue	$	1,049,514	21
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
201 West 146th Street	$	133,650	12
520 Audobon Avenue	$	1,264,700	46
540 Audubon Avenue	$	859,300	46
Queens			
Met Houses III	$	5,432,051	468
Total	**$**	**87,427,443**	**5,544**

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

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

Project Name		Loan Amount	Number of Units
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
Prospect Towers	$	2,193,800	153
Tivoli Towers	$	8,098,200	302
Manhattan			
1199 Plaza	$	39,920,500	1,586
Beekman Staff Residence	$	1,226,300	90
Bethune Towers	$	1,518,400	133
Clinton Towers	$	10,298,500	396
Columbus House	$	3,502,500	248
Columbus Manor	$	2,500,000	202
Columbus Park	$	1,467,900	162
Confucius Plaza	$	23,390,400	760
Cooper-Gramercy	$	4,766,100	167
East Midtown Plaza	$	17,157,400	746
Esplanade Gardens	$	14,437,500	1,870
Goddard Towers	$	2,381,600	193
Gouveneur Gardens	$	5,993,600	778
Jefferson Towers	$	1,619,000	189
Lands End I	$	7,226,800	250
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

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

Project Name	Loan Amount	Number of Units
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	**$ 450,696,800**	**26,717**

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
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
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
Metro North Court	$ 6,063,300	91
Revive 103	$ 4,318,100	60
Total	**$ 173,711,380**	**2,622**

Other Affordable Housing Programs

Project Name	1st Loan Amount	2nd Loan Amount	Number of Units
General Housing Program			
Linden Plaza, Brooklyn	$ 50,345,450		1,527
Independence Plaza, Manhattan	$ 64,594,680		1,332
Knickerbocker Plaza, Manhattan	$ 24,844,100		578
General Housing Program *(continued)*			
Ocean Park, Queens	$ 18,265,900		602
Total	**$158,050,130**		**4,039**
Hospital Staff Housing			
Montefiore Medical Center, Bronx	$ 8,400,000		116
Beth Israel, Manhattan	$ 36,600,000		236
New York Hospital (Royal Charter), Manhattan	$115,582,688		520
Total	**$160,582,688**		**872**
Housing New York-Construction Management Program			
New Settlement Apts., Bronx	$ 99,185,602		893
NYC Housing Authority, Manhattan	$ 43,414,398		664
Harlem Site, Manhattan			
Total	**$142,600,000**		
1,557			
Assisted Living/Senior Housing Program			
de Sales Assisted Living Project, Manhattan	$ 20,665,000	$ 960,000	127
Carnegie East, Manhattan	$ 30,115,000	$ -	104
Village Care, Manhattan	$ 10,350,000	$ 2,000,000	85
Total	**$ 67,230,000**		**316**
501C-3			
55 Pierrepont Development, Brooklyn	$ 6,100,000	$ -	189
Animal Medical Center, Manhattan	$ 10,140,000		80
Total	**$ 16,240,000**		**269**
Moderate Income Program			
Bronx			
2051 Grand Concourse*	$ 4,450,000		63
St. Edmond's Court		$ 5,550,000	111
Brooklyn			
1010 Development*	$ 919,800		16
196 Rockaway Parkway		$ 2,617,000	71
255 Ocean Avenue		$ 1,808,000	40
405 Development		$ 945,000	24
Golden Gates Apts.		$ 4,225,000	85
Manhattan			
Logan Plaza*	$ 10,291,000	$ 1,845,407	130
Two Bridges	$ 7,541,997	$ 700,000	198
Upper Fifth Avenue	$ 10,000,000	$ 9,245,100	151
Queens			
Scheur House of Flushing*	$ 13,229,700		155
Staten Island			
Harbour View*	$ 9,713,500		122
Total	**$ 56,145,997**	**$ 26,935,507**	**1,166**

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

financial review

Management's Decision and Analysis	**29**
Report of Independent Auditors	**32**
Combined Balance Sheet	**33**
Combined Statement of Revenue, Expense and Changes in Fund Net Assets	**35**
Combined Statement of Cash Flows	**36**
Notes to the Combined Financial Statements	**38**
Other Information	**55**

Year Ended October 31, 2003

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, 2003. 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 $64.6 million (or 9.1%)
- Cash and investments increased $349.6 million (or 31.5%)
- Total assets increased by $502.1 million or (11.1%)
- Bonds and other liabilities increased $437.5 million (or 11.4%)
- Operating revenues increased $20.9 million (or 13.5%)
- Operating expenses decreased $4.1 million (or 3.1%)
- Operating income increased by $25.0 million (or 118.6%)
- Nonoperating revenues decreased by $5.9 million (or 24.2%)
- Investment revenues decreased by $4.9 million (or 18.9%)

Overview of the Financial Statements

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

Financial Analysis of the Corporation

Net Assets. The following table summarizes the changes in Net Assets between October 31, 2003 and 2002:

$ in millions

	2003	2002	% increase/(decrease)
Current Assets	**$ 622.3**	$ 308.3	101.8%
Noncurrent Assets	**4,414.9**	4,226.8	4.5%
Total Assets	**5,037.2**	4,535.1	11.1%
Long Term Debt	**3,250.1**	3,109.3	4.5%
Other Liabilities	**1,009.5**	712.8	41.6%
Total Liabilities	**4,259.6**	3,822.1	11.4%
Net Assets:			
Restricted	**390.8**	331.3	18.0%
Unrestricted	**386.8**	381.7	1.3%
Total Net Assets	**$ 777.6**	$ 713.0	9.1%

Restricted assets increased $395.9 million or 10.0% largely as a result of the Corporation's ongoing lending activities. During fiscal year 2003 eleven new bond financings were closed under which the Corporation is making construction advances. The noncurrent portion of mortgages and loans increased $367.2 million. Additional information on our loan portfolio is available in note 5. Likewise, unadvanced construction funds caused the restricted cash and investments to increase by $28.7 million.

Other receivables declined by $204.8 million or 95.4% as a result of the repayment of the amounts receivable under an agreement with the Battery Park City Authority ("BPCA"). The Housing New York Corporation ("HNYC"), fully collected the restricted receivable from BPCA. This enabled NHYC to retire all of its outstanding bonds subsequent to year end.

The payable to the City of New York ("City") increased by $41.9 million or 11.3% primarily due to the Corporation's refinancing of a portion of the City's mortgage portfolio. The assigned mortgage loans exceeded the amount of bonds issued. After repayment of the outstanding bonds, the remaining mortgage balances will revert to the City.

The Corporation's combined net assets increased $64.6 million (9.1%) 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 Corporation's major source of operating revenue. Grant revenue is earned when the Corporation has complied with the terms and conditions of the grant agreements.

Operating revenues from Fees & Charges increased $3.1 million or 18.4% as a result of credit enhancement fees received under the Corporation's 2002 Series D and 2003 Series D Housing Revenue Bonds. Under these issues, the Corporation has received a 100% participation interest in loans previously owned by the City. The bonds issued are held within the Corporation's Housing Revenue Bond Program and are cross collateralized by other assets within the program. HDC has also pledged its general obligation against funds required to be set aside to fund debt service reserves. This year is the first complete year of operation of the 2002 Series D program. The fees earned under this program are transferred to the HDC's operating fund and used to fund other loans of the Corporation.

Other operating income increased $16.7 million or 116.7% as a result of payments received from the BPCA to cover debt service charges relating to the 1993 Series A Revenue Bonds.

Interest income accrues to the benefit of the program for which the underlying sources of funds are utilized. Although investment earnings are presented as nonoperating revenues, approximately $17.2 million of the total $20.9 million investment earnings have been included in resources that are set aside for the payment of bond debt service. The remaining $3.7 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 2003 and 2002:

$ in thousands

	2003	2002	% increase/(decrease)
Operating Revenue:			
Interest on Loans	**$124,507**	$123,412	0.9%
Fees and Charges	**20,164**	17,029	18.4%
Other	**30,942**	14,280	116.7%
Total Operating Revenue	**175,613**	154,721	13.5%
Operating Expenses:			
Interest and Amortization	**112,090**	115,931	(3.3%)
Salaries and Related	**9,812**	10,301	(4.7%)
Corporate	**3,955**	3,631	8.9%
Other	**3,674**	3,776	(2.7%)
Total Operating Expenses	**129,531**	133,639	(3.1%)
Operating Income	**46,082**	21,082	118.6%
Nonoperating Revenues (Expenses)			
Earnings on Investments	**20,874**	25,745	(18.9%)
Other	**(2,426)**	(1,417)	71.2%
Total Nonoperating Revenue	**18,448**	24,328	(24.2%)
Change in Net Assets	**$ 64,530**	$ 45,410	42.1%

Other Financial Information

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

Debt Administration

At year end the Corporation and its subsidiaries had $3,596 million of bond principal outstanding, an increase of 11.9% over last year as shown below. On November 3, 2003, the obligations associated with the Housing New York Program were retired in connection with a refinancing performed by the BPCA and the October 2003 repayment by BPCA of its liability to the Housing New York Corporation. Upon repayment of the obligations and transfer of HNYC's remaining net assets on November 3, 2003 to the Corporation, HNYC has become an inactive subsidiary of the Corporation. 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 2003 and 2002:

$ in thousands

	2003	2002	% increase/(decrease)
Bonds Payable	**$3,595,975**	$3,214,235	11.9%

New Business

During fiscal year 2003 the Corporation issued 6 series of Housing Revenue Bond program bonds amounting to $220.8 million, 2 series of 80/20 program bonds amounting to $121.0 million, 1 series of Hospital Residence Bond program bonds amounting to $10.1 million,1 series of Mixed-Income Housing Bond program bonds amounting to $44.0 million and 2 series of Liberty Bond program bonds for $260.5 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, 5 series of bonds were issued in the amount of $409.3 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, 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

New York City Housing Development Corporation

To the Members of the New York City Housing Development Corporation

We have audited the accompanying combined balance sheet of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2003, 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 2002 financial statements and, in our report dated January 3, 2003, we expressed an unqualified opinion on 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, 2003, 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

January 23, 2004

combined balance sheet

New York City Housing Development Corporation

At October 31, 2003 (with comparative summarized financial information as of October 31, 2002) (in thousands)

	Housing Development Corporation Programs	Discretely Presented Component Units: Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Total 2003	Total 2002
Assets						
Current Assets:						
Cash	$ 997	—	261,731	—	262,728	1,674
Investments (note 4)	293,513	—	—	—	293,513	233,676
Receivables:						
Mortgage loans (note 5)	53,641	—	—	—	53,641	60,768
Accrued interest	11,921	12	—	—	11,933	11,604
Other (note 6)	405	—	—	—	405	493
Total Receivables	**65,967**	**12**	**—**	**—**	**65,979**	**72,865**
Other assets	77	—	—	—	77	73
Total Current Assets	**360,554**	**12**	**261,731**	**—**	**622,297**	**308,288**
Noncurrent Assets:						
Restricted cash	1,106	2	—	2	1,110	9,428
Restricted investments (note 4)	832,615	27,713	601	42,233	903,162	866,124
Restricted receivables:						
Mortgage loan receivable (note 5)	3,388,544	42,319	—	—	3,430,863	3,063,535
Accrued interest	—	2,169	—	—	2,169	2,304
Total restricted receivables	3,388,544	44,488	—	—	3,433,032	3,065,839
Sale of mortgages	150	—	—	—	150	756
Other receivables (note 6)	9,381	—	—	—	9,381	214,085
Total Receivables	**3,398,075**	**44,488**	**—**	**—**	**3,442,563**	**3,280,680**
Unamortized issuance costs	21,470	—	1,425	—	22,895	21,397
Primary government/component unit receivable (payable)	(3,722)	3,952	—	(230)	—	—
Capital assets	4,264	—	—	—	4,264	5,001
Other assets	40,942	—	—	12	40,954	44,132
Total Noncurrent Assets	**4,294,750**	**76,155**	**2,026**	**42,017**	**4,414,948**	**4,226,762**
Total Assets	**$ 4,655,304**	**76,167**	**263,757**	**42,017**	**5,037,245**	**4,535,050**

See accompanying notes to the basic financial statements.

At October 31, 2003 (with comparative summarized financial information as of October 31, 2002) (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 2003	Total 2002
Liabilities and Net Assets						
Current Liabilities:						
Current portion of bonds payable (note 7)	$ 79,297	—	234,193	—	313,490	64,562
Net premium and (discount) on bonds payable	—	—	(6,508)	—	(6,508)	—
Accrued interest payable	24,424	—	6,507	—	30,931	34,142
Payable to the City of New York (note 9)	1,093	—	—	—	1,093	1,520
Payable to mortgagors	85,555	—	—	—	85,555	74,549
Restricted earnings on investments	2,589	—	—	—	2,589	3,317
Accounts and other payables	1,741	—	—	83	1,824	1,473
Deferred fee and mortgage income	2,963	—	4,834	—	7,797	1,188
Due to the United States Government (note 11)	1,077	—	—	—	1,077	1,479
Total Current Liabilities	**198,739**	**—**	**239,026**	**83**	**437,848**	**182,230**
Noncurrent Liabilities:						
Bonds payable (note 7)	3,250,733	—	—	—	3,250,733	3,117,059
Net premium and (discount) on bonds payable	(568)	—	—	—	(568)	(7,740)
Payable to the City of New York (note 9)	337,763	74,826	501	—	413,090	370,774
Payable to mortgagors	102,509	143	—	—	102,652	110,279
Deferred fee and mortgage income	55,307	—	—	—	55,307	48,956
Due to the United States Government (note 11)	631	—	—	—	631	470
Total Noncurrent Liabilities	**3,746,375**	**74,969**	**501**	**—**	**3,821,845**	**3,639,798**
Total Liabilities	**3,945,114**	**74,969**	**239,527**	**83**	**4,259,693**	**3,822,028**
Net Assets:						
Restricted (note 14)	334,474	1,198	24,131	30,958	390,761	331,340
Unrestricted (note 14)	375,716	—	99	10,976	386,791	381,682
Total Net Assets	**710,190**	**1,198**	**24,230**	**41,934**	**777,552**	**713,022**
Commitments and Contingencies (notes 9, 12 and 13)						
Total Liabilities and Net Assets	**$4,655,304**	**76,167**	**263,757**	**42,017**	**5,037,245**	**4,535,050**

See accompanying notes to the basic financial statements.

combined statement of revenues, expenses and changes in fund net assets

New York City Housing Development Corporation

Year ended October 31, 2003 (with comparative summarized financial information for the year ended October 31, 2002) (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	2003	2002
Operating Revenues						
Interest on loans (note 5)	$ 124,507	—	—	—	124,507	123,412
Fees and charges (note 11)	19,555	—	—	609	20,164	17,029
Other (note 6)	10	—	30,894	38	30,942	14,280
Total Operating Revenues	**144,072**	**—**	**30,894**	**647**	**175,613**	**154,721**
Operating Expenses						
Interest and amortization (note 7)	96,781	—	15,309	—	112,090	115,931
Salaries and related expenses	9,412	—	—	400	9,812	10,301
Services of New York City	167	—	—	—	167	238
Trustees' and other fees	1,328	—	79	34	1,441	1,737
Amortization of debt issuance costs	1,921	—	145	—	2,066	1,801
Corporate operating expenses (note 8)	3,889	—	—	66	3,955	3,631
Total Operating Expenses	**113,498**	**—**	**15,533**	**500**	**129,531**	**133,639**
Operating Income (Loss)	**30,574**	**—**	**15,361**	**147**	**46,082**	**21,082**
Nonoperating Revenues (Expenses)						
Earnings on investments (note 4)	17,359	(1,750)	286	4,979	20,874	25,745
Nonoperating expenses (note 9)	(2,426)	—	—	—	(2,426)	(1,417)
Total Nonoperating Revenues (Expenses)	**14,933**	**(1,750)**	**286**	**4,979**	**18,448**	**24,328**
Income (Loss) before Transfers	**45,507**	**(1,750)**	**15,647**	**5,126**	**64,530**	**45,410**
Operating transfers to Corporate Services Fund	150	—	—	(150)	—	—
Capital transfers	1,735	—	(1,735)	—	—	—
Change in Net Assets	**47,392**	**(1,750)**	**13,912**	**4,976**	**64,530**	**45,410**
Total net assets — beginning of year	662,798	2,948	10,318	36,958	713,022	667,612
Total Net Assets — End of Year	**$710,190**	**1,198**	**24,230**	**41,934**	**777,552**	**713,022**

See accompanying notes to the basic financial statements.

Year ended October 31, 2003 (with comparative summarized financial information for the year ended October 31, 2002) (in thousands)

	Housing Development Corporation Programs	Discretely Presented Component Units: Housing Assistance Corporation Programs	Discretely Presented Component Units: Housing New York Corporation Programs	Discretely Presented Component Units: Residential Mortgage Insurance Corporation Programs	Total 2003	Total 2002
Cash Flows From Operating Activities						
Mortgage loan repayments	$ 296,987	1,079	—	—	298,066	449,447
Receipts from fees and charges	6,323	—	—	227	6,550	7,910
Mortgage escrow receipts	63,422	—	—	—	63,422	56,801
Reserve for replacement receipts	30,869	—	—	—	30,869	20,535
Mortgage loan advances	(404,163)	—	—	—	(404,163)	(457,843)
Escrow disbursements	(60,213)	—	—	—	(60,213)	(56,729)
Reserve for replacement disbursements	(24,573)	—	—	—	(24,573)	(19,648)
Payments to employees	(9,905)	—	—	—	(9,905)	(10,216)
Payments to suppliers for corporate operating expenses	(3,454)	—	—	—	(3,454)	(5,084)
Project contributions and funds received from NYC	102,881	—	—	—	102,881	137,521
Advances and other payments for NYC	(79,910)	(3,303)	—	—	(83,213)	(382,277)
Other receipts (payments)	(97,331)	—	233,006	39	135,714	4,526
Net Cash Provided by (Used in) Operating Activities	**(179,067)**	**(2,224)**	**233,006**	**266**	**51,981**	**(255,057)**
Cash Flows From Non Capital Financing Activities						
Proceeds from sale of bonds	656,410	—	—	—	656,410	861,392
Retirement of bonds	(267,994)	—	(8,300)	—	(276,294)	(419,093)
Interest paid	(96,265)	—	(13,217)	—	(109,482)	(136,996)
Net cash transfers between programs	1,993	—	(1,741)	(252)	—	—
Net Cash Provided by (Used in) Non Capital Financing Activities	**294,144**	**—**	**(23,258)**	**(252)**	**270,634**	**305,303**
Cash Flows From Capital and Related Financing Activities						
Purchase of capital assets	(62)	—	—	—	(62)	(88)
Sale of capital assets	—	—	—	—	—	82
Net Cash (Used In) Capital and Related Financing Activities	**(62)**	**—**	**—**	**—**	**(62)**	**(6)**
Cash Flows From Investing Activities						
Sale of investments	14,494,039	101,261	444,456	34,996	15,074,752	18,427,123
Purchase of investments	(14,643,066)	(99,084)	(394,791)	(37,565)	(15,174,506)	(18,511,147)
Interest and dividend collected	25,022	47	2,315	2,553	29,937	32,853
Net Cash Provided by (Used in) Investing Activities	**(124,005)**	**2,224**	**51,980**	**(16)**	**(69,817)**	**(51,171)**
Increase (decrease) in cash	(8,990)	—	261,728	(2)	252,736	(931)
Cash at beginning of year	11,093	2	3	4	11,102	12,033
Cash at End of Year	**$ 2,103**	**2**	**261,731**	**2**	**263,838**	**11,102**

See accompanying notes to the basic financial statements.

combined statement of cash flows

New York City Housing Development Corporation

Year ended October 31, 2003 (with comparative summarized financial information for the year ended October 31, 2002) (in thousands)

	Housing Development Corporation Programs	Discretely Presented Component Units: Housing Assistance Corporation Programs	Housing New York Corporation Programs	Residential Mortgage Insurance Corporation Programs	Total 2003	Total 2002
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating Income (Loss)	**$ 30,574**	**—**	**15,361**	**147**	**46,082**	**21,082**
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expenses	899	—	—	2	901	938
Amortization of bond discount and premium	78	—	519	—	597	805
Amortization of deferred bond refunding costs	1,522	—	1,776	—	3,298	3,336
Amortization of bond issuance costs	1,919	—	145	—	2,064	1,794
Net cash provided by nonoperating activities	96,265	—	13,217	—	109,482	185,389
Changes in Assets & Liabilities:						
(Increase) decrease in mortgage loans	(352,331)	1,845	—	—	(350,486)	(501,958)
(Increase) decrease in accrued interest receivable	(350)	134	—	—	(216)	(1,258)
(Increase) decrease in sale of mortgages receivable	605	—	—	—	605	600
(Increase) decrease in other receivable	(9,210)	—	205,853	—	196,643	(5,529)
(Increase) decrease in bond issuance costs	(7,611)	—	—	—	(7,611)	805
(Increase) decrease primary government/ component unit receivable (payable)	2,257	—	—	120	2,377	(28,907)
(Increase) decrease in other assets	1,789	—	—	(3)	1,786	(21,558)
(Decrease) increase in payable to the City of New York	38,937	(3,203)	(196)	—	35,538	75,271
(Decrease) increase in payable to mortgagors	10,856	—	(8,300)	—	2,556	13,858
(Decrease) increase in accounts and other payables	1,259	—	—	—	1,259	1,565
(Decrease) increase in restricted earnings on investments	(1,577)	—	—	—	(1,577)	(1,160)
(Decrease) increase in deferred fee and mortgage income	8,054	(1,000)	4,834	—	11,888	1,626
(Decrease) increase in accrued interest payable	(3,002)	—	(203)	—	(3,205)	(1,756)
Net Cash Provided by (Used in) Operating Activities	**$ (179,067)**	**(2,224)**	**233,006**	**266**	**51,981**	**(255,057)**
Non Cash Investing Activities:						
Increase (decrease) in fair value of investments	$ (2,673)	(1,750)	(8,522)	2,393	(10,552)	(352)

See accompanying notes to the basic financial statements.

October 31, 2003

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 (“GASB") 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. As of November 3, 2003, HNYC has become an inactive subsidy of the Corporation (see note 3(C)). 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. 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 non participating, guaranteed investment contracts, which are carried at cost.

C. Earnings on Investments

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

D. Debt Issuance Costs, 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 2002 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, 2002.

Note 3: Description of Programs and Corporate Services Fund

(A) New York City Housing Development Corporation
The Corporation operates two separate major programs. One program is governed by the Corporation's respective bond resolutions and the other program concerns its Corporate Services Fund.

(i) Multi-Family Bond Programs:

(a) Section 223(f) The Multi-Family Bond Program was originally established in 1977 in connection with the refinancing of 73 existing multi-family housing projects which had been financed by Mitchell-Lama mortgage loans payable to the City. The program's loans are Federal Housing Administration ("FHA") insured.

(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 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 This program was established to provide a portion of the financing for newly constructed and rehabilitated developments. It 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.

(h) Mixed-Income Housing This program was established to provide funds for the construction and/or permanent financing for multi-family rental housing projects. All of the projects in this program will provide a mixture of market rate apartments and apartments for low and moderate-income tenants. This program also makes available HDC Corporate resources in addition to bond financing to produce affordable housing.

(i) Liberty Housing This program was established as a result of the Job Creation and Worker Assistance Act of 2002 (the "Liberty Bond Act"), which authorized the City and State to issue up to a total of $8 billion in special tax exempt bonds. Of this total, up to $1.6 billion is allocated for residential developments within the designated "Liberty Zone," the boundaries of which are generally below Manhattan's Canal Street. Bonds issued under Section 301 of this Act have become known as the Liberty Bonds and must be issued by December 31, 2004.

(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 issued by 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 could not 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. On November 3, 2003, the obligations associated with the Housing New York Program were retired in connection with a refinancing performed by the Battery Park City Authority ("BPCA") and the repayment by the BPCA of its liability to HNYC. Upon repayment of the obligations and a transfer of HNYC's remaining net assets to the Corporation, HNYC has become an inactive subsidiary of the Corporation. This transaction will be recorded in the Corporation's financial statements for the year ending October 31, 2004. 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, 2003 is $26,370,000.

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, 2003 is $2,190,000, 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, 2003 is $7,152,000.

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 2003, realized investment gains amounted to $9,046,000 while realized investment losses were $1,000. 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 2003.

Governmental Accounting Standards Board ("GASB") Statement No. 3 requires disclosure of the level of investment risk assumed by the Corporation as of October 31, 2003. 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 2003	2002
(in thousands)							
U.S. Treasury Bonds	1	$ 35,420	—	—	—	35,420	80,009
U.S. Treasury Bills	1	93,791	—	—	—	93,791	87,239
U.S. Treasury Notes	1	24,674	—	—	—	24,674	11,924
U.S. Treasury Strips	1	399	20,356	—	—	20,755	27,207
Fixed Repurchase Agreements	1	188,381	1,027	601	386	190,395	234,947
G.N.M.A.	1	43,204	—	—	—	43,204	48,591
Open Time Deposits	1	444,013	—	—	—	444,013	283,307
Term Repurchase Agreements	1	49,449	—	—	—	49,449	51,490
Federal Farm Credit Notes	1	—	—	—	3,367	3,367	3,291
Commercial Paper	1	29,026	—	—	—	29,026	153,598
Money Market and NOW Accounts	N/A	65,096	1,671	—	242	67,009	1,424
Federal Home Loan Mortgage	1	25,148	—	—	1,029	26,177	21,227
FNMA Callable Med Term Note	1	—	—	—	27,303	27,303	39,502
FNMA Discount Note	1	—	720	—	—	720	—
FHLB Notes Callable	1	10,339	—	—	3,065	13,404	37,181
FHLB Bonds	1	117,188	—	—	6,841	124,029	18,863
U.S. Backed Israeli Bonds	1	—	1,106	—	—	1,106	—
RFCO Strips	1	—	2,833	—	—	2,833	—
Total		**$1,126,128**	**27,713**	**601**	**42,233**	**1,196,675**	**1,099,800**

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 34 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 .75% to 1.87%. Maturity dates on all fixed repurchase agreements range from November 3, 2003 to November 17, 2003.

Funds deposited into Money Market and NOW accounts include Corporate, escrow and 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 or HDC 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 six OTD agreements. OTDs are non-participating, guaranteed investment agreements. At October 31, 2003, the cost basis of all unsecured OTDs amounted to $444,013,000. Interest rates on all OTDs range from .75% to 6.67% with maturity dates that range from November 1, 2004 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 2.42% to 6.5%.

Federal Farm Credit Notes have a maturity date of May 17, 2011 and a yield rate of 6.23%.

Investments in commercial paper have maturity dates ranging from November 12, 2003 to December 3, 2003 and yield rates of .92% to 1.7%.

Combined cash deposits total $263,838,000 at October 31, 2003. These accounts were maintained with bond trustees as well as with major commercial banks. HDC's cash deposits amounting to $227,000 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 and REMIC have FDIC insured cash deposits totaling $2,000 each. HNYC's cash deposits amounting to $261,731,000 are FDIC insured in amount of $100,000. These funds were used to retire HNYC's obligations on November 3, 2004. Uninsured cash deposits amounted to $263,407,000 at year end.

Note 5: Mortgage and Other Loans

The Corporation has outstanding, under various programs, mortgage loans of $3,484,504,000 and $3,124,303,000 as of October 31, 2003 and 2002, respectively which have been issued to a number of qualified housing sponsors. Mortgage loans outstanding at October 31, 2003 and 2002 by program were as follows:

	Total	Total	Total Memorandum Only	
Program	HDC	HAC	2003	2002
(in thousands)				
Section 223 (f)	$ 251,380	—	251,380	271,181
Housing Revenue Bond	1,325,741	—	1,325,741	1,141,116
80/20	1,420,427	—	1,420,427	1,350,796
100% Low-Income Tax-Exempt	27,216	—	27,216	29,553
Hospital Residence	135,435	—	135,435	130,620
Residential Cooperative Housing	26,734	—	26,734	27,158
Corporate Services	162,368	—	162,368	123,814
Senior Housing	5,500	—	5,500	5,900
Mixed-Income	11,931	—	11,931	—
Liberty Bonds	75,453	—	75,453	—
Other	—	42,319	42,319	44,165
Totals	**$3,442,185**	**42,319**	**3,484,504**	**3,124,303**

The mortgage loans listed above are originally repayable over terms of 8 to 49 years and bear interest at rates from .43% 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 $602,532,000, while HPD has funded subordinate loans held by HDC in the amount of $46,271,000. HAC holds seven subordinate mortgage loans that amount to $42,319,000 on October 31, 2003.

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 2003 amounted to $1,417,000 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.

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, 2003, the DSP consists of four 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 three 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 9).

The Housing Assistance Corporation financed construction and capitalized interest costs for eight projects. Five of the mortgages are second liens on buildings which have been rehabilitated. These NYC funded loans accrue interest at the rate of 1% per annum although payments are not due for approximately twenty years after origination. Three subordinate mortgage loans funded the costs of constructing the 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. During the fiscal year, the Logan Plaza subordinate mortgage loan was satisfied at a discount of $1,195,000. This discount reduced HAC's obligation to NYC and did not result in a charge against revenues.

Note 6: Other Receivables

(A) New York City Housing Development Corporation
Other Receivables amount to $9,786,000, 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
Amounts recorded under the caption Other Revenues represent payments received from BPCA to cover debt service charges and HNYC trustee fees relating to the 1993 Series A Revenue Bonds.

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, 2002	Issued	Retired	Balance at Oct. 31, 2003	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2003)					
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	$ 274,790	—	(18,870)	255,920	25,857
Total Section 223(f)	**$ 274,790**	**—**	**(18,870)**	**255,920**	**25,857**
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	$ 91,495	—	(91,495)	—	—
1994 Series A PLP Bond Program—8.4% and 8.95% Term Bonds maturing in varying installments through 2025	4,985	—	(325)	4,660	355
1995 Series A Multi-Family Housing Revenue Bond Program—3.5% to 5.6% Serial Bonds maturing in varying installments through 2007	16,130	—	(10,175)	5,955	2,245
1996 Series A Multi-Family Housing Revenue Bond Program—3.6% to 5.625% Serial and Term Bonds maturing in varying installments through 2012	70,095	—	(7,300)	62,795	5,635
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	21,740	—	(980)	20,760	1,025
1997 Series C Multi-Family Housing Revenue Bond Program— Program—6.73% Term Bonds maturing in varying installments through 2011	24,290	—	(2,040)	22,250	2,185
1998 Series A Multi-Family Housing Revenue Bond Program—6.84% Term Bonds maturing in varying installments through 2030	56,800	—	(800)	56,000	800

Description of Bonds as Issued	Balance at Oct. 31, 2002	Issued	Retired	Balance at Oct. 31, 2003	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2003)					
1998 Series B Multi-Family Housing Revenue Bond Program—3.75% to 5.25% Serial and Term Bonds maturing in varying installments through 2031	21,215	—	(320)	20,895	335
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 1.378% to 1.898% Variable Rate Bonds due upon demand through 2037	61,100	—	(2,300)	58,800	2,500
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 1.378% to 1.898% Variable Rate Bonds due upon demand through 2031	39,500	—	(800)	38,700	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`	5,600	—	(115)	5,485	—
1999 Series D Multi-Family Housing Revenue Bond Program—3.75% to 5.5% Serial and Term Bonds maturing in varying installments through 2019	7,610	—	(265)	7,345	280
1999 Series E Multi-Family Housing Revenue Bond Program—4.4% to 6.25% Serial and Term Bonds maturing in varying installments through 2036	10,670	—	(650)	10,020	95
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	—	(4,685)	31,555	385
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	225
2001 Series B Multi-Family Housing Revenue Bond Program—3.05% to 5.25% Serial and Term Bonds maturing in varying installments through 2016	83,260	—	(4,245)	79,015	4,405
2001 Series C-1 & C-2 Multi-Family Housing Revenue Bond Program—.9761 % to 1.7005% Variable Rate Term Bonds due 2005 and 2.85% to 5.40% Serial and Term bonds maturing in varying installments through 2033	28,500	—	(6,210)	22,290	255
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	525
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	110
2002 Series C (Federally Taxable) Multi-Family Housing Revenue Bond Program—1.378% to 2.072% Variable Rate Term Bonds maturing in varying Installments through 2034	49,500	—	—	49,500	215
2002 Series D (Federally Taxable) Multi-Family Housing Revenue Bond Program—1.378% to 1.898% Variable Rate Term Bonds maturing in varying Installments through 2032	285,000	—	(19,100)	265,900	4,500
2002 Series E-1 (AMT) & E-2 (AMT) Multi-Family Housing Revenue Bond Program—2% to 5.2% Serial and Term Bonds maturing in varying installments through 2034 and 1.0275% to 1.42% Variable Rate Term Bonds maturing 2006	—	23,300	—	23,300	—

Description of Bonds as Issued	Balance at Oct. 31, 2002	Issued	Retired	Balance at Oct. 31, 2003	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2003)					
2002 Series F (AMT) Multi-Family Housing Revenue Bond Program—2% to 5.2% Serial and Term Bonds maturing in varying installments through 2032	—	4,600	—	4,600	—
2003 Series A (Auction Rate) Multi-Family Housing Revenue Bond Program—.83% to 1.2% Variable Rate Term Bonds maturing in varying installments through 2025	—	81,170	(7,775)	73,395	8,825
2003 Series B-1 (AMT) & B-2 (AMT) Multi-Family Housing Revenue Bond Program—2% to 4.6% Serial and Term Bonds maturing in varying installments through 2036	—	42,700	—	42,700	—
2003 Series C (Non-AMT) Multi-Family Housing Revenue Bond Program—1.1% to 4% Serial and Term Bonds maturing in varying installments through 2016	—	4,900	—	4,900	245
2003 Series D (Federally Taxable) Multi-Family Housing Revenue Bond Program—1.327% to 1.378% Variable Rate Term Bonds maturing in varying installments through 2033	—	64,100	—	64,100	6,430
Total Housing Revenue Bond Program	**$ 987,365**	**220,770**	**(159,580)**	**1,048,555**	**42,375**
80/20:					
1989 Series A Upper Fifth Avenue Project—.50% 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	152,790	—	(1,875)	150,915	2,030
1993 Series A Manhattan West Development—5.7% Term Bonds maturing in varying installments through 2036	141,735	—	—	141,735	540
1995 Series A Columbus Apartments Development—.60% to 1.80% Variable Rate Bonds maturing in varying installments through 2025	21,870	—	—	21,870	—
1996 Series A Barclay Avenue Development—5.75% to 6.6% Term Bonds maturing in varying installments through 2033	5,395	—	(60)	5,335	60
1997 Series A Related-Columbus Green Project—.60% to 1.80% Variable Rate Bonds due upon demand through 2019	13,775	—	—	13,775	—
1997 Series A Related-Carnegie Park Project—.60% to 1.80% Variable Rate Bonds due upon demand through 2019	66,800	—	—	66,800	—
1997 Series A Related-Monterey Project—.60% to 1.80% Variable Rate Bonds due upon demand through 2019	104,600	—	—	104,600	—
1997 Series A Related-Tribeca Tower Project—.65% to 1.85% Variable Rate Bonds due upon demand through 2019	55,000	—	—	55,000	—
1998 Series A Parkgate Development Project—.62% to 1.75% Variable Rate Bonds due upon demand through 2028	36,500	—	—	36,500	—
1998 Series A & B One Columbus Place Project—.65% to 1.9% Variable Rate Bonds due upon demand through 2028	145,600	—	(1,500)	144,100	1,200

Description of Bonds as Issued	Balance at Oct. 31, 2002	Issued	Retired	Balance at Oct. 31, 2003	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2003)					
1998 Series A & B Jane Street Development—.65% to 1.9% Variable Rate Bonds due upon demand through 2028	17,075	—	(300)	16,775	200
1999 Series A & B West 43rd Street Project—.65% to 1.9% Variable Rate Bonds due upon demand through 2029	54,420	—	(500)	53,920	400
1999 Series A Brittany Development Project—.65% to 1.9% Variable Rate Bonds due upon demand through 2029	57,000	—	—	57,000	—
2000 Series A Related West 89th Street Development—.65% to 1.85% Variable Rate Bonds due upon demand through 2029	53,000	—	—	53,000	—
2000 Series A Westmont Apartments—.65% to 1.85% Variable Rate Bonds due upon demand through 2030	24,200	—	—	24,200	—
2000 Series A Related 15th Street Development—1.05% to 1.9% Variable Rate Bonds due upon demand through 2033	56,000	—	(56,000)	—	—
2001 Series A Queenswood Refunding—.62% to 1.75% Variable Rate Bonds due upon demand through 2031	10,800	—	—	10,800	—
2001 Series A & B West 48th Street—.65% to 1.9% Variable Rate Bonds due upon demand through 2034	22,500	—	—	22,500	—
2001 Series A & B (Federally Taxable) Related Lyric Development—.65% to 1.9% Variable Rate Bonds due upon demand through 2031	91,000	—	(300)	90,700	300
2001 Series A & B(Federally Taxable) Related West 55th Street Development—.77% to 2.05% Variable Rate Bonds due upon demand through 2034	130,000	—	—	130,000	—
2002 Series A (Federally Taxable) Ninth Avenue Development—1.05% to 1.88% Variable Rate Bonds due upon demand through 2034	44,000	—	—	44,000	—
2002 Series A (Federally Taxable) Chelsea Centro—1.05% to 1.83% Variable Rate Bonds due upon demand through 2033	86,600	—	(1,100)	85,500	—
2002 Series A James Tower Development—.62% to 1.75% Variable Rate Bonds due upon demand through 2032	22,200	—	(140)	22,060	165
2002 Series A & B (Federally Taxable) The Foundry—.65% to 1.9% Variable Rate Bonds due upon demand through 2032	60,400	—	(300)	60,100	—
2002 Series A & B (Federally Taxable) 400 West 55th Street Development—.77% to 2.05% Variable Rate Bonds due upon demand through 2035	—	65,000	—	65,000	—
2003 Series A Related-Sierra Development—.65% to 1.38% Variable Rate Bonds due upon demand through 2033	—	56,000	—	56,000	—
Total 80/20	**$ 1,478,160**	**121,000**	**(66,975)**	**1,532,185**	**4,895**

Description of Bonds as Issued	Balance at Oct. 31, 2002	Issued	Retired	Balance at Oct. 31, 2003	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2003)					
100% Low-Income Tax-Exempt Bond Program:					
2000 Series A St. Ann's Apartments—.9% to 1.9% Variable Rate Bonds due upon demand through 2032	3,400	—	(3,400)	—	—
2000 Series A Sachman Street Project—1.05% to 1.9% Variable Rate Bonds due upon demand through 2032	2,400	—	(2,400)	—	—
2000 Series A Ogden Avenue—1.05% to 1.9% Variable Rate Bonds due upon demand through 2032	9,000	—	(9,000)	—	—
2001 Series A Fox Street—.65% to 1.9% Variable Rate Bonds due upon demand through 2033	7,000	—	—	7,000	—
2001 Series A Fountains at Spring Creek Project—.65% to 1.9% Variable Rate Bonds due upon demand through 2033	7,500	—	—	7,500	—
2001 Series A The Lafayette Project— .65% to 1.9% Variable Rate Bonds due upon demand through 2033	3,700	—	—	3,700	—
2002 Series A Nelson Avenue Apartments—.65% to 1.75% Variable Rate Bonds due upon demand through 2035	9,200	—	—	9,200	—
Total 100% Low-Income Tax-Exempt Bond Program	**$ 42,200**	**—**	**(14,800)**	**27,400**	**—**
Hospital Residence:					
1993 Series A East 17th Street Properties—.43% to 2% Variable Rate Bonds maturing in varying installments through 2023	$ 32,600	—	(800)	31,800	900
1993 Series A Montefiore Medical Center—.64% to 1.85% Variable Rate Term Bonds maturing in varying installments through 2030	8,400	—	(100)	8,300	100
1998 Series 1 MBIA Insured Residential Revenue Refunding Bonds—.55% to 1.55% Periodic Auction Reset Securities maturing in varying installments through 2017	98,350	—	(4,425)	98,925	4,725
2003 Series A The Animal Medical Center—4.25% to 5.5% Serial and Term Bonds maturing in varying installments through 2033	—	10,140	—	10,140	—
Total Hospital Residence	**$ 139,350**	**10,140**	**(5,325)**	**144,165**	**5,725**
Residential Cooperative Housing:					
1994 Series A Maple Court Cooperative—6.22% Term Bonds maturing in varying installments through 2027	$ 11,555	—	(185)	11,370	200
1996 Series A Maple Plaza Cooperative—6.08% Term Bonds maturing in varying installments through 2029	16,225	—	(235)	15,990	245
Total Residential Cooperative Housing	**$ 27,780**	**—**	**(420)**	**27,360**	**445**
Senior Housing:					
2000 Series A 55 Pierrepont Development—.7% to 1.85% Variable Rate Bonds due upon demand through 2031	$ 5,900	—	(400)	5,500	—
Total Senior Housing	**$ 5,900**	**—**	**(400)**	**5,500**	**—**
Mixed-Income Housing Program:					
2002 Series A First Ave Development—.65% to 1.6% Variable Rate Bonds due upon demand through 2035	$ —	44,000	—	44,000	—
Total Mixed-Income Housing	**$ —**	**44,000**	**—**	**44,000**	—

Description of Bonds as Issued	Balance at Oct. 31, 2002	Issued	Retired	Balance at Oct. 31, 2003	Amount Due Within 1 Year
(in thousands) (variable rates cover fiscal year 2003)					
Liberty Bond Program:					
2003 Series A & B (Federally Taxable) 90 Washington Street—.75% to 1.15% Variable Rate Bonds due upon demand through 2035	$ —	82,000	—	82,000	—
2003 Series A & B (Federally Taxable) 2 Gold Street—.92% to 1.15% Variable Rate Bonds due upon demand through 2037	$ —	178,500	—	178,500	—
Total Liberty Bond Housing	**$ —**	**260,500**	**—**	**260,500**	**—**
Total Bonds Payable Housing Development Corporation	**$ 2,955,545**	**656,410**	**(266,370)**	**3,345,585**	**79,297**
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	—	(8,300)	250,390	250,390
Total Bonds Payable Housing New York Corporation	**$ 258,690**	**—**	**(8,300)**	**250,390**	**250,390**
Total Bonds Payable Prior to Deferred Bond Refunding Costs	**$ 3,214,235**	**656,410**	**(274,670)**	**3,595,975**	**329,687**
Deferred bond refunding costs	(32,614)	—	—	(31,752)	
Total Bonds Payable Net of Deferred Bond Refunding Costs	**$ 3,181,621**	**656,410**	**(274,670)**	**3,564,223**	**329,687**

(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 $4.4 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 obligations of the Corporation. The primary credit enhancement 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 December 19, 2002, three Multi-Family Housing Revenue Bonds series were issued in the amount totaling $27,900,000. The 2002 Series E-1 (AMT) bonds in the amount of $4,000,000 and the 2002 Series E-2 (AMT) bonds in the amount of $19,300,000 were issued to finance construction and permanent mortgage loans for certain newly constructed or substantially rehabilitated developments. The 2002 Series F (AMT) bonds in the amount of $4,600,000 were issued to retire a portion of certain of the Corporation's outstanding bonds, issued under a separate bond resolution of the Corporation, and to acquire the related mortgage loan for a certain newly constructed development.

On March 31, 2003, the variable rate 2003 Series A (Auction Rate) Multi-Family Housing Revenue Bonds were issued in the amount of $81,170,000 to refund certain of the Corporation's outstanding bonds, also issued under the Corporation's Multi-Family Housing Revenue Bond Program.

On July 16, 2003, four Multi-Family Housing Revenue Bonds series were issued in the amount totaling $111,700,000. The 2003 Series B-1 (AMT) bonds in the amount of $9,525,000 and the 2003 Series B-2 (AMT) bonds in the amount of $33,175,000 were issued to finance construction and permanent mortgage loans for certain newly constructed or substantially rehabilitated developments. The 2003 Series C (Non-AMT) bonds in the amount of $4,900,000 were issued to retire certain of the Corporation's outstanding bonds, issued under a separate bond resolution of the Corporation, and to acquire the related mortgage loan. The variable rate 2003 Series D (Federally Taxable) bonds in the amount of $64,100,000 were issued to finance the acquisition by the Corporation of (i) a participation interest in 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.

In connection with the 2002 Series C and the 2002 Series D Bonds, the Corporation has entered into three Interest Rate Cap Agreements with the New York City Transitional Finance Authority ("TFA" or "Counterparty") for an upfront payment of $23,093,000 that is being amortized over the life of the swap to expenses.

With respect to an initial notational amount of $49,395,000 which amortizes on a quarterly basis commencing on August 1, 2004 through February 1, 2009, TFA is obligated to pay the Corporation interest on the specified amortizing notational amount in an amount by which the London Inter Bank Offer Rate ("LIBOR") exceeds a Strike Rate of 7.35%. 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 the Corporation interest on the outstanding notational amount in an amount by which 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 the Corporation interest on the outstanding notational amount in an amount by which LIBOR exceeds a Strike Rate of (a) 4.85% for the period from the date of issuance of the 2002 Series 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 interest on such notational amounts in excess of 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 entered into the swap agreements, in order to protect the Corporation against the fluctuation in interest rates during the life of the issue. The Corporation is not exposed to credit risk because the current interest rates are below the swap rate. To the extent interest rates rise, the Corporation would have credit exposure if the Counterparty were unable to fulfill its obligations.

The Counterparty's credit rating is AA+. The Corporation is also exposed to interest rate risk, since as the LIBOR rate changes, expected savings could increase or decrease depending on the relationship between the fixed payment and the variable rate.

(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 December 18, 2002, the variable rate 2002 Series A & B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (400 West 55th Street Development) were issued in the amount of $65,000,000 to finance a mortgage loan for the purposes of paying the costs of acquiring, constructing and equipping a rental housing facility and to pay certain other related costs.

On April 10, 2003, the variable rate 2003 Series A Multi-Family Rental Housing Revenue Bonds (Related-Sierra Development) were issued in the amount of $56,000,000 in order to refinance the project's mortgage loan. The mortgage loan had previously been financed by the 2000 Series A Related-15th 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.

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

On September 25, 2003, the 2003 Series A Residential Revenue Bonds (The Animal Medical Center) were issued in the amount of $10,140,000 to finance a mortgage loan for the purposes of paying a portion of the cost of acquiring a multi-family rental housing facility and to pay certain other related costs.

(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.

(h) Mixed-Income Housing The bonds under this heading are special revenue obligations of the Corporation. Payment of principal and interest on the bonds are secured by certain revenues and assets pledged under the resolution as well as a credit enhancement instrument issued by Fannie Mae.

On November 13, 2002, the variable rate 2002 Series A Multi-Family Mortgage Revenue Bonds (First Avenue Development) were issued in the amount of $44,000,000 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 related costs.

(i) Liberty Bonds The bonds under this program are secured by direct letters of credit issued to finance the development of multi-family housing projects within an area of lower Manhattan designated as the Liberty Zone. The bonds are special revenue obligations of the Corporation.

On July 9, 2003, the variable rate 2003 Series A & B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (90 Washington Street) were issued in the amount of $82,000,000 to finance a mortgage loan for the purposes of paying a portion of the costs of acquiring an office building and converting such office building into a multi-family rental housing facility and to pay certain other related costs.

On September 10, 2003, the variable rate 2003 Series A & B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (2 Gold Street) were issued in the amount of $178,500,000 to finance a mortgage loan for the purposes of paying a portion of the costs of constructing and equipping a rental housing facility and to pay certain other related costs.

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
On November 3, 2003, all of the obligations associated with the Housing New York Program were retired in connection with a refinancing performed by the Battery Park City Authority and the repayment by the BPCA of its liability to HNYC. The debt service requirements associated with the retirement of these obligations amounted to $250,390,000 in principal, $6,507,000 in interest and $4,834,000 in bond call premium.

(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:

Year Ending October 31,	Principal	Interest	Total
(in thousands)			
2004	$ 329,687	97,526	427,213
2005	51,346	89,041	140,387
2006	58,432	86,599	145,031
2007	70,757	83,967	154,724
2008	60,252	81,015	141,267
2009-2013	367,336	357,357	724,693
2014-2018	384,420	273,378	657,798
2019-2023	511,385	203,746	715,131
2024-2028	302,980	149,676	452,656
2029-2033	810,915	79,446	890,361
2034-2038	640,745	19,841	660,586
2039-2043	7,720	1,124	8,844
Total	**$3,595,975**	**1,522,716**	**5,118,691**

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 2003 for HDC include: $15,000 to Hawkins, Delafield and Wood; $10,000 to Epstein, Becker & Green, P.C.; and $69,000 to Debevoise & Plimpton for legal services. Auditing fees of $180,000 were paid to Ernst & Young. The Corporation paid consulting fees in the amount of $9,000 to Sungard Recovery, and $27,000 to Profit Solutions Associates.

In addition, the Corporation paid legal fees of $644,000 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, 2003, the 1996 Series A Housing Revenue Bond Program servicing fees payable to HPD were $28,000.

Also included in this reporting classification are participation mortgages and investment earnings. During the year, the Corporation received a 100% participation interest in loans previously held by the City. HDC issued its 2003 Series D Multi-Family Housing Revenue Bonds to reimburse the City for the loans. At October 31, 2003, the Corporation's liability under this program amounted to $60,545,000. In a similar financing that occurred in 2002, the Corporation also acquired a 100% interest in City loans under its 2002 Series D Multi-Family Mortgage Revenue Bond Program. The year ending liability to the City for this program was $180,791,000. The excess of the combined assets over the bond obligations and fees payable to the Corporation will be returned to the City upon satisfaction of these bonds.

The Corporation under its Development Services Program has initiated an HPD Loan Servicing Program. From 1991 through 2002, HPD transmitted $1,152,391,000, and for 2003, $90,731,000 to the Corporation for this activity. At October 31, 2003, the payable to the City in the Corporate Services Fund was $97,492,000.

(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, 2003, total resources payable to the City amounted to $74,826,000. 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 loans under the Vacant Cluster program with funds received from the City. At October 31, 2003, total funds held for the City amounted to $501,000.

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 the 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, 2003, the Corporation held $1,045,000 in prefunded annual contributions. Related fees earned during fiscal year 2003 amounted to $2,355,000 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, 2003, 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, 2003, HDC had set aside $608,000 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,	
2004	$ 1,155,000
2005	1,217,000
2006	1,240,000
2007	1,240,000
2008	1,240,000
2009–2013	6,719,000
201–2015	1,723,000
Total	**$14,534,000**

For fiscal year 2003, the Corporation's rental expense amounted to $1,410,000.

Remaining mortgage commitments and other loan commitments at October 31, 2003 are as follows:

Mortgage Loans:	
Multi-Family Bond Programs	
Housing Revenue	$ 152,351,000
80/20	97,156,000
100% Low Income Tax-Exempt	457,000
Liberty Bonds	185,047,000
Total Mortgage Loan Commitments	$ 435,011,000
Other Loans:	
Corporate Services	24,821,000
Total Commitments	**$ 459,832,000**

(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,	
2004	$ 50,000
2005	60,000
2006	61,000
2007	61,000
2008	61,000
2009–2013	328,000
2014–2015	84,000
Total	**$ 705,000**

For fiscal year 2003, REMIC's rental expense amounted to $50,000.

As of October 31, 2003, REMIC insured loans with coverage totaling $75,471,000 and had outstanding commitments to insure loans with a maximum insurance coverage of $58,484,000.

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 2003 in Net Assets are as follows:

	Restricted	Unrestricted	Totals
Net Assets:			
Beginning of year	$ 331,340,000	381,682,000	713,022,000
Income	45,349,000	19,181,000	64,530,000
Transfers	14,072,000	(14,072,000)	—
Net Assets:			
End of year	$ 390,761,000	386,791,000	777,552,000

Of the total Unrestricted Net Assets listed below, $182,783,000 is committed to mortgages, other loans, and arbitrage purchased from New York City. An additional $141,669,000 has been designated by the Members for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has $4,264,000 in capital assets.

Summary of Unrestricted Net Assets	2003	2002
Designated Assets:		
Housing Programs	$ 141,669,000	171,012,000
Existing Mortgages	162,840,000	124,139,000
Sale of Mortgages	150,000	756,000
Arbitrage purchased from New York City	19,793,000	21,209,000
Capital Assets	4,264,000	4,999,000
Working Capital	7,000,000	5,000,000
Rating Agency Reserve Requirement	40,000,000	40,000,000
Total Designated	**$ 375,716,000**	**367,115,000**
Non-Designated Assets:		
REMIC	10,976,000	12,771,000
Housing New York Corporation	99,000	1,796,000
Total Non-Designated	**$ 11,075,000**	**14,567,000**
Total Unrestricted Net Assets	**$ 386,791,000**	**381,682,000**

Note 15: Subsequent Events

On November 3, 2003, the 1993 Series A Refunding Bonds in the amount of $250,390,000 associated with the Housing New York Program were retired. Upon retirement of the obligations and a transfer of HNYC's remaining net assets to the Corporation, HNYC has become an inactive subsidiary of the Corporation.

Subsequent to October 31, 2003 and through January 23, 2004, in the course of the Corporation's normal business activities the following obligations of the Corporation have been issued:

Description	Date	Amount
2003 Series A Multi-Family Mortgage Revenue Bonds (Atlantic Court Apartments)—Variable Rate Bonds maturing in 2036	12-04-03	$ 92,700,000
2003 Series A (AMT) & B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (92nd & First Residential Tower)—Variable Rate Bonds maturing in 2036	12-09-03	57,300,000
2003 Series A & B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (63 Wall Street) —Variable Rate Bonds maturing in 2036	12-11-03	143,800,000
2003 Series E-1(AMT) & E-2 (AMT) Multi-Family Housing Revenue Bonds—Fixed Rate Bonds maturing in 2036	12-22-03	45,530,000
2003 Series A (AMT) & B (Federally Taxable) Multi-Family Mortgage Revenue Bonds (Related-Upper East)—Variable Rate Bonds maturing in 2036	12-23-03	70,000,000
Total		**$ 409,330,000**

Year ended October 31, 2003

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 of Balance Sheet Information
October 31, 2003 and 2002 (in thousands)

	2003	2002
Assets:		
Current Assets:		
Cash and investments	$ 10,869	1,424
Mortgage loan receivable	19,146	41,257
Accrued interest receivable	5,802	4,981
Other receivables	124	64
Other assets	7	2
Total Current Assets	**$ 35,948**	**47,728**
Noncurrent Assets:		
Cash and investments	$ 306,854	309,307
Mortgage loan receivable	1,250,595	1,099,858
Unamortized issuance cost	9,920	8,756
Primary government/component unit receivable (payable)	(16,509)	(11,636)
Other assets	20,762	22,609
Total Noncurrent Assets	**$ 1,571,622**	**1,428,894**
Total Assets	**$ 1,607,570**	**1,476,622**
Liabilities:		
Current Liabilities:		
Bonds payable	$ 42,375	76,695
Accrued interest payable	16,165	18,587
Deferred fee and mortgage income	37	2
Due to the United States	1,045	1,447
Due to mortgagors	2,225	1,514
Total Current Liabilities	**$ 61,847**	**98,245**
Noncurrent Liabilities:		
Bonds payable (including deferred bond refunding cost)	$	998,320
904,247		
Discount on bonds payable	(634)	(712)
Payable to New York City	241,364	185,431
Deferred fee and mortgage income	16,120	15,538
Due to the United States	631	470
Due to mortgagors	3,437	2,293
Total Noncurrent Liabilities	**$ 1,259,238**	**1,107,267**
Total Liabilities	**$ 1,321,085**	**1,205,512**
Net Assets:		
Restricted	$ 286,485	271,110
Total Net Assets	**$ 286,485**	**271,110**
Total Liabilities and Net Assets	**$ 1,607,570**	**1,476,622**

Schedule 1 (cont'd):

Housing Revenue Bond Program
Schedule of Revenues, Expenses and Changes in Fund Net Assets
Fiscal Years ended October 31, 20023 and 2002 (in thousands)

	2003	2002
Operating Revenues:		
Interest on loans	$ 65,022	62,030
Fees and charges	9,108	5,599
Other	6	—
Total Operating Revenues	**$ 74,136**	**67,629**
Operating Expenses:		
Interest and amortization	42,201	41,680
Services of New York City	167	239
Trustee and other fees	170	57
Amortization of debt issuance costs	912	712
Total Operating Expenses	**$ 43,450**	**42,688**
Operating Income	**$ 30,686**	**24,941**
Nonoperating Revenue (Expenses):		
Earnings on investments	10,437	10,833
Nonoperating expenses	(1,010)	(30)
Total Nonoperating Revenues (Expenses)	**$ 9,427**	**10,803**
Income before Distributions and Transfers	**$ 40,113**	**35,744**
Operating transfers to Corporate Services Fund	(8,544)	(7,761)
Capital transfers	(16,194)	—
Distributions	—	5,510
Change in Net Assets	**$ 15,375**	**33,493**
Total net assets - beginning of year	$ 271,110	237,617
Total Net Assets - End of Year	**$ 286,485**	**271,110**

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NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

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