SCHEDULE OF INVESTMENTS

New York City Housing Development Corporation
October 31, 2021
With Reports of Independent Auditors

Ernst & Young LLP

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New York City Housing Development Corporation

Schedule of Investments

October 31, 2021

Contents

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Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Schedule

We have audited the accompanying Schedule of Investments (the "Schedule") for the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2021 and the related notes to the Schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the investments of the Corporation as of October 31, 2021, in conformity with U.S. generally accepted accounting principles.

Report on the Financial Statements as of October 31, 2021

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, the financial statements of the Corporation as of and for the year ended October 31, 2021, and our report thereon dated January 28, 2022, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated January 28, 2022 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters with respect to the Schedule. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance with respect to the Schedule. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance with respect to the Schedule.

Ernst & Young LLP

January 28, 2022

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Investments Performed in Accordance with *Government Auditing Standards*

Management and the Members of the
New York City Housing Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Schedule of Investments (the "Schedule") of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2021, and the related notes to the Schedule, and have issued our report thereon dated January 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control with respect to the Schedule. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control with respect to the Schedule.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's Schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, investment policies established by the Corporation and the New York State Comptroller's investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the Schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance with respect to the Schedule. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance with respect to the Schedule. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

January 28, 2022

A member firm of Ernst & Young Global Limited

New York City Housing Development Corporation

Schedule of Investments
(In Thousands of Dollars)

October 31, 2021

Purpose investments	$ 17,548
Restricted investments	3,067,919
Unrestricted investments	40,266
Total investments	$ 3,125,733

The accompanying notes are an integral part of this schedule.

New York City Housing Development Corporation

Notes to Schedule of Investments

October 31, 2021

1. Background and Organization

The accompanying Schedule of Investments (the "Schedule") includes the investments of the business-type activities and the aggregate remaining fund information of the New York City Housing Development Corporation (the "Corporation" or "HDC") and its component units, the New York City Housing Assistance Corporation ("HAC") and the New York City Residential Mortgage Insurance Corporation ("REMIC").

The Corporation 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 finances significant amounts of its activities through the issuance of bonds, notes and debt obligations. The bonds, notes and debt obligations of the Corporation are not debts of either the State or The City of New York (the "City").

Pursuant to Governmental Accounting Standards Board ("GASB") Codification 2100, Defining the Financial Reporting Entity, the Corporation's financial statements are included in the City's financial statements as a component unit for financial reporting purposes.

HAC 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. As a subsidiary of HDC, HAC's functions are administered by the Corporation and its Board Members substantially overlap with HDC's Board Members, so it is reported as a blended component unit in HDC's financial statements.

REMIC 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.

2. Summary of Significant Accounting Policies for Investments

Investments

Short-term bank deposits and investments with stated maturities of 90 days or less are reported as Cash and Cash Equivalents. All investments are reported at fair value, except for certificates of deposit and investment agreements. The Corporation's investment agreements, which can take the form of open time deposits or fixed repurchase agreements, are reported at an amount equal to principal and accrued interest.

Purpose Investments

As part of its financing activities, HDC has made three housing development loans that are secured by GNMA certificates rather than mortgages on the related properties. The GNMA certificates provide payments at such times and in such amounts as to fully repay the respective HDC loans and are the only source of repayment for these loans. The GNMA certificates are treated under U.S. Treasury regulations as acquired program obligations. The GNMA certificates are classified in the financial statements as purpose investments and identified separately from other investments and restricted investments in the financial statements. However, interest earned on the GNMA certificates is included in earnings on investments.

It is the Corporation's policy to record GNMA certificates at amortized cost, which amounted to $17,548,000 as of October 31, 2021. The fair value of these purpose investments amounted to $18,603,000 as of October 31, 2021.

3. Investments

The Corporation is authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. Investment policies are set for the Corporation by the Members of the Corporation on an annual basis, through the annual adoption of written investment guidelines. Investments are reviewed on a periodic basis by the Corporation's Audit Committee. Day-to-day investment decisions are made by the Corporation's Investment Committee. The Corporation principally invests in securities of the United States and its agencies, open time deposits ("OTDs") in the form of investment agreements, demand accounts, repurchase agreements and certificates of deposits. In fiscal year 2021, HDC continued investing in taxable municipal bonds of New York State and New York City, consistent with the Corporation's enabling statute and investment guidelines. The Corporation did not enter into any reverse repurchase agreements during the year ended October 31, 2021. The Corporation is not aware of any violations of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, were 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 the trade date. Investments, other than purpose investments, which are reported at fair value as of October 31, 2021, were as follows:

		Investment Maturities as of October 31, 2021 (In Years)			
Investment Type	**2021**	**Less than 1**	**1–5**	**6–10**	**More than 10**
			(In Thousands)		
Money Market and NOW Accounts	$ 2,582,522	$ 2,582,522	$ –	$ –	$ –
FHLB Bonds	707,961	–	172,171	490,788	45,002
FFCB Bonds	613,247	–	78,534	534,713	–
FHLMC Bonds	719,401	75,102	84,156	547,448	12,695
U.S. Treasury (Bonds, Notes, Bills)	11,359	8,041	3,318	–	–
NYS/NYC Municipal Bonds*	174,019	23,777	72,329	77,913	–
Fixed Repurchase Agreements	81,816	81,816	–	–	–
FNMA Bonds	128,372	–	44,107	60,579	23,686
Sub-total	5,018,697	2,771,258	454,615	1,711,441	81,383
Less amounts classified as cash equivalents	(2,672,060)	(2,672,060)	–	–	–
Total investments	$ 2,346,637	$ 99,198	$ 454,615	$ 1,711,441	$ 81,383

**Note: Municipal Bonds are at fixed rates.*

Total investments recorded on the Schedule as of October 31, 2021 of $3,125,733,000 were made up the following: (a) investments recorded at fair value of $2,346,637,000, (b) certificates of deposits in the amount of $304,879,000, (c) OTDs in the amount of $456,669,000 and (d) purpose investments of $17,548,000.

HDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of October 31, 2021:

- NYC/NYS Municipal securities of $174,019,000 are valued using quoted market prices (Level 1 inputs)

- U.S. Treasury securities of $11,359,000 are valued based on models using observable inputs (Level 2 inputs)

- U.S. Agency securities of $2,168,981,000 are valued based on models using observable inputs (Level 2 inputs)

Money Market and Now accounts of $2,582,522,000 are valued at cost. In addition to the investments identified above, as of October 31, 2021, the Corporation held $15,213,000 uninvested as cash in various trust and other accounts.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's investment guidelines charge the Investment Committee with "…determining appropriate investment instruments…based on…length of time funds are available for investment purposes..." among other factors. Thus, maturities are matched to the Corporation's liquidity needs. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in long-term securities that carry a higher yield, with the intent to hold the investments to maturity.

Credit Risk: The Corporation's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished by making decisions based on a review of ratings, collateral, and diversification requirements that vary according to the type of investment.

As of October 31, 2021, investments in Federal National Mortgage Association (“FNMA” or “Fannie Mae”), Federal Home Loan Mortgage Corporation (“FHLMC” or “Freddie Mac”), Federal Home Loan Bank (“FHLB”) and Federal Farm Credit Bank (“FFCB”) were rated by Standard & Poor’s and/or Moody’s Investors Service (Fannie Mae, Freddie Mac, FHLB and FFCB are collectively referred to as “Agency”). Standard & Poor’s ratings for long-term and short-term were AA+ and A-1+, respectively. Moody’s long-term and short-term ratings were Aaa and P-1, respectively. Investments in Fannie Mae, Freddie Mac, FHLB and FFCB are implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government. Some investments were not rated by Fitch Ratings. Of the investments that were rated by Fitch Ratings, they carried ratings of AAA for long-term and F1+ for short-term. Money market accounts and certificates of deposits are either backed by collateral held by the provider or letters of credit provided by third parties.

NYS/NYC municipal bonds are usually the highest rated securities held at HDC. The ratings by Standard & Poor’s ranged from AAA to AA-; Moody’s ranged from Aaa to Aa2 and Fitch Ratings Service ranged from AAA to AA-. Some investments were not rated. Money market, open time deposits and repurchase agreements in the form of OTDs are not rated; however, the providers are rated.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty’s trust department or agent but not in the name of the Corporation. The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

As of October 31, 2021, open time deposits, repurchase agreements, certificates of deposits and demand accounts were collateralized by high quality instruments such as U.S. Treasury Notes, U.S. Treasury Bills, and Agency investments and letters of credits held by the Corporation’s agent in the name of the Corporation. A portion of collateral supporting the demand accounts was in the form of FHLB letters of credit.

Concentration of Credit Risk: The Corporation follows its annually adopted investment guidelines in accordance with concentration limits and reviews its credit concentration monthly. The Corporation’s Credit Risk unit monitors concentration risk amongst issuers and reports regularly to the Members of the Corporation’s Audit Committee.

The following table shows issuers that represent 5% or more of the total investments as of October 31, 2021 *(dollars in thousands)*:

Issuer	**Dollar Amount**	**Percentage**
Signature Bank*	$ 1,133,521	19.55%
FHLMC	717,499	12.38
FHLB	675,471	11.65
FFCB	618,284	10.66
NY Community Bank*	523,688	9.03
Toronto-Dominion Bank (TD)*	411,927	7.10
Customers Bank*	378,279	6.52
Sterling National Bank*	312,411	5.39

**Note: Either fully or partially covered by FNMA, FHLMC, GNMA, FHLB securities that are held by a third party and/or FHLB letter of credit collateral held by the Corporation.*

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