

FINANCIAL STATEMENTS, SUPPLEMENTARY  
INFORMATION ON EXPENDITURES OF FEDERAL  
AWARDS AND REPORTS AND SCHEDULE REQUIRED  
BY THE UNIFORM GUIDANCE

New York City Housing Development Corporation  
Year Ended October 31, 2016  
With Report of Independent Auditors

Ernst & Young LLP



Building a better  
working world

New York City Housing Development Corporation

Financial Statements, Supplementary Information on Expenditures of Federal Awards and Reports and Schedule Required by the Uniform Guidance

October 31, 2016

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# I. Financial Section



Ernst & Young LLP  
5 Times Square  
New York, NY 10036-6530

Tel: +1 212 773 3000  
Fax: +1 212 773 6350  
ey.com

## Report of Independent Auditors

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the New York City Housing Development Corporation (the “Corporation”), a component unit of the City of New York, as of and for the year ended October 31, 2016, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free of material misstatement, whether due to fraud or error.

### ***Auditor’s Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2016 and the changes in financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

### ***Other Matters***

#### ***Report on Summarized Comparative Information***

We have previously audited the Corporation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of Funding Progress for the Retiree Healthcare Plan, the Schedule of the Corporation's Proportionate Share of the Net Pension Liability and the Schedule of the Corporation's Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

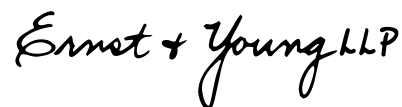
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated January 30, 2017 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. The purpose of that report is 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 internal control over financial reporting or on compliance. 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.



January 30, 2017

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended October 31, 2016**

**INTRODUCTION**

The New York City Housing Development Corporation (“HDC” or the “Corporation”) is a State public benefit corporation created pursuant to Article XII of the New York State Private Housing Finance Law that finances affordable housing in New York City. HDC issues tax-exempt and taxable debt and uses the proceeds along with other monies of the Corporation to make loans to finance new residential construction and the rehabilitation of existing multi-family housing. HDC, which is financially self-supporting, also lends its own internally-generated funds for these purposes. All of these activities are reported in the financial statements under the heading “Housing Development Corporation.”

HDC currently has two active subsidiaries that are presented as component units in the financial statements. The New York City Residential Mortgage Insurance Corporation (“REMIC”) insures residential mortgages in New York City. The New York City Housing Assistance Corporation (“HAC”) made mortgage loans for affordable housing in the 1980s. Presently, it provides rental subsidy assistance to a small number of residential developments.

The Corporation’s annual financial report consists of three parts: *management’s discussion and analysis*, the basic *financial statements*, and *required supplementary information*, which includes the schedule of funding progress, the schedule of the Corporation’s proportionate share of the net pension liability, and the schedule of the Corporation’s contributions. This follows directly after the notes to the financial statements.

This section of the 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, 2016. This period is also referred to as Fiscal Year 2016. Data is presented for the primary governmental entity HDC only. Reported amounts have been rounded to facilitate reading.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Corporation is a self-supporting entity and follows enterprise fund reporting. An enterprise fund reports activity that is financed with debt that is secured solely by a pledge of the net revenue from that activity as well as activity that is not supported by taxes or similar revenues. HDC’s financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting matches revenues and expenses to the time period in which they are earned or attributable, respectively, which may differ from the period in which the associated cash is received or expended.

Enterprise fund statements offer short-term and long-term financial information about the Corporation’s activities. While detailed sub-fund information is not presented in the Corporation’s financial statements, separate accounts are maintained for each bond issue and component unit, as well as the Corporation’s general operating fund, known as the Corporate Services Fund. These sub-funds permit HDC to control and manage money for particular purposes and to demonstrate that the Corporation is properly using specific resources. In

addition, HDC also services construction and permanent loans on behalf of New York City’s Department of Housing Preservation and Development (“HPD”).

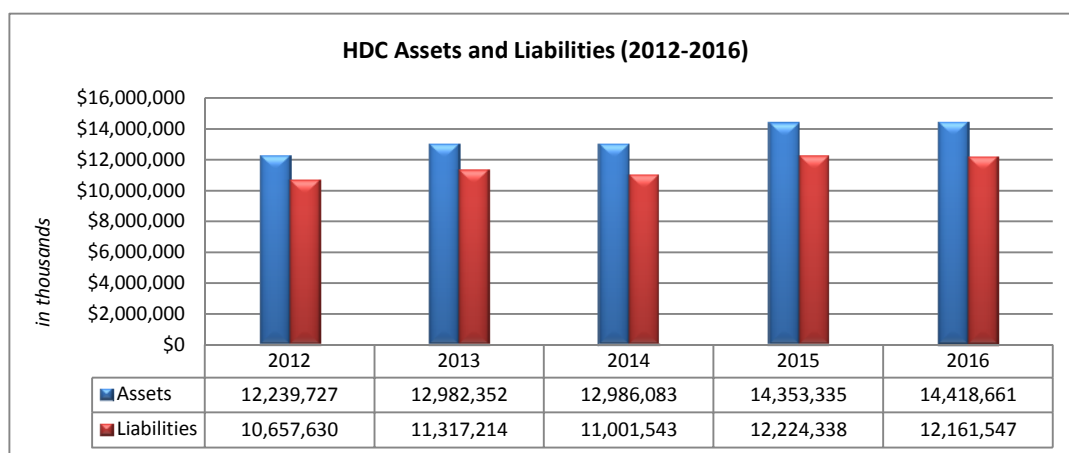
### CORPORATE AND FINANCIAL HIGHLIGHTS

During Fiscal Year 2016, HDC’s ongoing financial activities in further support of the *Mayor’s Housing New York Plan*, provided financing for thirty senior loans for both new construction and preservation projects. The senior loans were financed with a combination of new bond issuances, and recycled loan prepayments. The total commitments on bonded loans were approximately \$701 million. The Corporation also funded subsidy loans primarily from its corporate reserves for approximately \$202 million. HDC, in collaboration with The City of New York, funded a loan through its subsidiary the Housing Assistance Corporation (“HAC”) to the purchasers of the Stuyvesant Town-Peter Cooper Village development in the amount of \$143.2 million, creating a new affordable housing regime at the property.

In fiscal year 2016, HDC also closed three additional mortgage loan participation interests with the Federal Financing Bank (“FFB”). The loans are insured under the FHA Risk Sharing Mortgage Insurance Program, bringing the total number of mortgages in the FFB participation program to four. As of October 31, 2016, the total amount outstanding under the FFB loan participating financing program was \$100.2 million.

HDC also funded mortgages using the “Back to Back” structure, whereby Citibank, N.A. (“Citibank”) issued tax exempt funding loans to the Corporation and HDC used the proceeds to fund mortgages to the developments. As of October 31, 2016, eight developments have been financed via this funding source with outstanding mortgage balances of \$98.5 million.

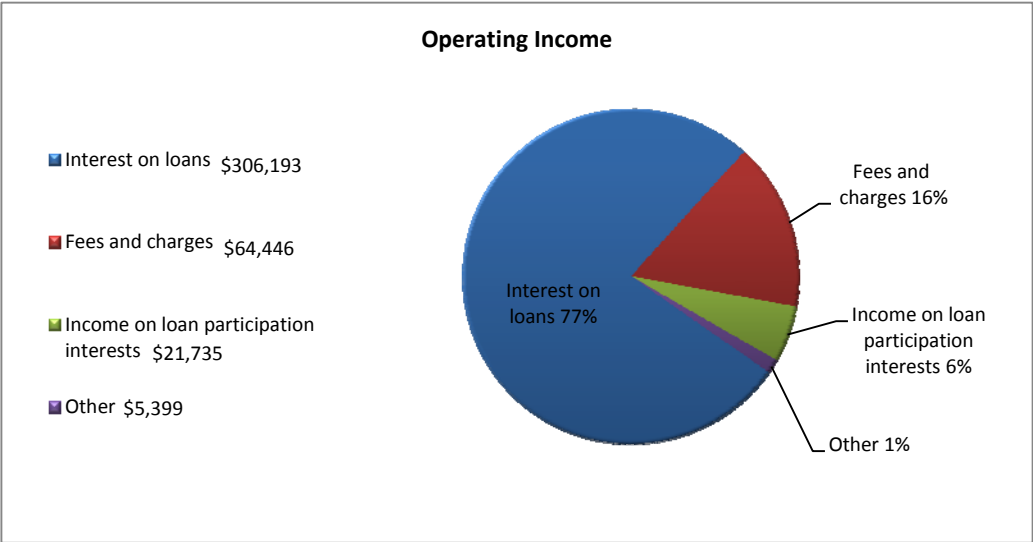
In fiscal year 2016, HDC experienced higher than normal loan prepayments by its borrowers of conduit bond funded mortgages, offsetting mortgage loan advances, as evidenced by the slight increase in total assets compared to the prior year.





Total revenues in fiscal year 2016 were \$421.3 million, an increase of \$6.1 million from \$415.2 million in 2015. Operating revenues of \$397.8 million compared to \$354.2 million in 2015. The 12.29% increase was driven by higher earnings of interest on loans, fee-based income, and income on loan participating interests. Non-operating revenues, net of non-operating expenses were \$23.6 million including \$23.5 million of realized investment income. The decrease in non-operating revenues of \$37.4 million was mainly attributable to a decrease in grant revenues. In fiscal year 2016, HDC did not accrue 421-Grant Revenue, compared to \$37.2 million in fiscal year 2015. A 2011 agreement that entitled HDC to receive \$200 million from the New York City Battery Park City Authority (“BPCA”) has been met. In the future, HDC may receive additional funds from BPCA under the “Pay- as- You-Go” Capital Funds.

In fiscal year 2016, HDC’s operations resulted in a growth of net position, which increased to \$2.26 billion. Net income was \$128.1 million. Total operating expenses were \$293.2 million, which includes \$239.8 million of debt related expenses. The net operating income in 2016 was \$104.5 million, compared to net operating income of \$83.5 million in 2015. The following chart presents the components of the Corporation’s Operating Income:



## CONDENSED STATEMENT OF NET POSITION

The condensed statement of net position presents the Corporation's assets, deferred outflows, liabilities, deferred inflows, and net position as of October 31, 2016 and 2015. The following table represents the changes in the primary entity, HDC's, net position between October 31, 2016 and 2015 and should be read in conjunction with the financial statements. (Dollar amounts are in thousands):

	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>Percent Change</b>
<b>Assets</b>				
Cash and Investments	\$3,323,546	\$3,494,782	(\$171,236)	(4.90%)
Mortgage Loans	9,724,987	9,650,031	74,956	0.78
Loan Participation Receivable The City of New York	604,529	626,645	(22,116)	(3.53)
Notes Receivable	624,371	450,528	173,843	38.59
Accrued Interest	47,286	37,903	9,383	24.76
Other Receivables	69,904	67,600	2,304	3.41
Capital Assets	2,473	1,796	677	37.69
Other Assets	9,852	11,700	(1,848)	(15.79)
<b>Total Assets</b>	<b>14,406,948</b>	<b>14,340,985</b>	<b>65,963</b>	<b>0.46</b>
<b>Deferred Outflows</b>	<b>11,713</b>	<b>12,350</b>	<b>(637)</b>	<b>(5.16)</b>
<b>Liabilities</b>				
Bonds Payable & Debt Obligations (net)	10,111,986	10,207,453	(95,467)	(0.94)
Interest Payable	97,531	89,441	8,090	9.05
Payable to The City of New York:				
Loan participation agreement	604,529	626,645	(22,116)	(3.53)
Other	460,482	365,719	94,763	25.91
Payable to Mortgagors	596,003	598,240	(2,237)	(0.37)
Accounts Payable	169,222	215,195	(45,973)	(21.36)
Net Pension Liability	12,877	10,908	1,969	18.05
OPEB Liability	11,051	8,919	2,132	23.90
Unearned Revenue and Other Liabilities	96,235	99,743	(3,508)	(3.52)
<b>Total Liabilities</b>	<b>12,159,916</b>	<b>12,222,263</b>	<b>(62,347)</b>	<b>(0.51)</b>
<b>Deferred Inflows</b>	<b>1,631</b>	<b>2,075</b>	<b>(444)</b>	<b>(21.40)</b>
<b>Net Position</b>				
Net investment in capital assets	2,473	1,796	677	37.69
Restricted for bond obligations	1,395,993	1,207,333	188,660	15.63
Unrestricted	858,648	919,868	(61,220)	(6.66)
<b>Total Net Position</b>	<b>\$2,257,114</b>	<b>\$2,128,997</b>	<b>\$128,117</b>	<b>6.02%</b>

## Assets of the Corporation

Assets consist largely of the following: cash and investments from bond proceeds, debt service and other reserves, funds designated for various housing programs, mortgage loans, and other assets which include participation interests in cash flows from pools of mortgage loans, housing-related notes receivable, and purpose investments. At October 31, 2016, HDC's total assets were \$14.4 billion, an increase of 0.46% from fiscal year 2015. The slight increase was due to normal activities then reduced by large mortgage prepayments by borrowers of loans originally funded under the Corporation's conduit bond financing program, offsetting approximately \$1.1 billion of mortgage advances. In fiscal year 2015, total assets were \$14.3 billion, an increase of \$1.4 billion or 10.54% from fiscal year 2014.

**Cash and Investments:** Cash and investments held at fiscal year end, were \$3.3 billion. Other than collateralized and purpose investments, investments were recorded at fair value. Cash and investments under management decreased by \$171.2 million, or 4.9% from fiscal year end 2015. This was mainly the result of the Corporation's increased funding on loan advances offsetting new bond proceeds. At fiscal year end 2016, un-advanced bond proceeds totaled \$1.09 billion compared to \$1.3 billion in 2015.

**Mortgage Loans:** Mortgage loans constituted 67.5% of the Corporation's total assets. The mortgage loan portfolio at the end of the fiscal year was \$9.72 billion, a slight increase of 0.78% from the previous year. At October 31, 2015, the mortgage loan portfolio was \$9.65 billion. During fiscal year 2016, cash flows generated by mortgage loan activities included cash advances of approximately \$1.1 billion and principal loan repayments totaled of \$971.6 million. In addition, \$112.3 million of principal reserve and other funds previously held were applied to mortgage principal.

**Loan Participation Receivable:** Loan participation receivable at October 31, 2016 was \$604.5 million, a decrease of \$22.1 million from \$626.6 million a year ago. The Corporation generates loan participation income from prepayments of loans in its Mitchell-Lama restructuring program ("MLRP"). Under the MLRP, the Corporation preserves affordable housing units by refinancing the developments' existing mortgages. In fiscal year 2016, five mortgages under the MLRP, with second mortgages owned by HDC (with the City retaining a residual interest) were either paid off or restructured.

**Notes Receivable:** Notes receivable was \$624.4 million, up from \$450.5 million in 2015. The Corporation has two outstanding notes receivable that relate to the bonds issued for a military housing development at Fort Hamilton ("Military Housing") and a Capital Fund ("Capital Fund Note") financing for the New York City Housing Authority ("NYCHA"), with outstanding balances of \$44.8 million and \$579.5 million, respectively. There was a net increase of \$173.8 million in notes receivable, primarily as a result of loan advances for NYCHA Capital Fund notes. The Military Housing notes are secured by pledged revenues of the development and the NYCHA Capital Fund Notes are secured by payments from the United States Department of Housing and Urban Development ("HUD").

**Accrued Interest:** Interest receivable increased from \$37.9 million at October 31, 2015 to \$47.3 million at October 31, 2016. The 24.76% increase was a result of a combination of higher

interest rates on the Corporation's variable rate mortgages, and the increase in the mortgage loan outstanding balance.

**Other Receivables:** Other Receivables were \$69.9 million at October 31, 2016, an increase of \$2.3 million from 2015. This increase was due to loan servicing related accruals billed for HPD and other agencies.

**Other Assets:** The net decrease of \$1.8 million was mainly due to amortization of \$3.5 million relating to the 2011 participation interest cash flow and a \$1.7 million increase in rental subsidy payments from HAC subsidiary.

### **Deferred Outflows of Resources**

Deferred outflows were \$11.7 million at October 31, 2016, a \$0.6 million decrease from October 31, 2015 when deferred outflows were \$12.3 million. Deferred outflows consist of the loss incurred on the early retirement of debt due to an in-substance defeasance in 2013. Also included are interest rate caps purchased to mitigate the Corporation's exposure to its variable rate bonds in its General Resolution, and the net difference between actual and expected results related to the Corporation's pension liability, as calculated by the New York City Office of the Actuary ("NYCOA"). In fiscal year 2016, the amount amortized on the deferred loss was \$0.6 million, and the fair market value of the three outstanding interest rate caps was reduced by \$1.5 million. The payment made after the pension liability measurement date was also recorded as a deferred outflow. As of October 31, 2016, the outstanding balance of the deferred loss on early debt retirement was \$7.0 million, interest rate caps were \$1.1 million, and outflows related to the pension plan was \$3.6 million.

### **Liabilities of the Corporation**

Total liabilities were \$12.2 billion at October 31, 2016, a decrease of \$62.3 million or 0.51%. At October 31, 2015 total liabilities were \$12.2 billion. Liabilities can be grouped into three main categories. The largest is HDC bonds and other debt obligations outstanding, which were approximately \$10.1 billion. Bonds outstanding account for approximately 83.2% of total liabilities. The second largest category is "Payable to New York City". This includes construction loan funds administered on behalf of HPD and other assets which will ultimately revert to the City pursuant to various loan participation and other agreements. These include loan assets which are currently held by HDC and pledged to pay HDC bonds. The loans are transferred back to the City when the related bonds are retired. The last category of liabilities includes payable to mortgagors, accounts and other payables, loan participation payable and unearned revenue. The Payable to Mortgagors funds are held and administered by HDC but are the property of others, such as escrows held by HDC in the course of its loan servicing functions.

**Bonds Payable and Debt Obligations:** Bonds and outstanding debt obligations were \$10.1 billion at October 31, 2016, a decrease of \$95.5 million. At October 31, 2015 bonds and outstanding debt obligations were \$10.2 billion. In fiscal year 2016, HDC issued 21 new bond series for a total of \$1.2 billion. "Back to Back" draws during fiscal year 2016 totaled \$120 million. In fiscal year 2016, HDC closed on three new certificates of participation with the Federal Financing Bank ("FFB") on mortgages included in the Corporation's FHA Risk Sharing Program for a total of \$29.5 million. Total proceeds raised this fiscal year were \$1.3 billion.

Bond repayments this fiscal year amounted to \$1.4 billion. The Corporation had unscheduled bond redemptions of \$1.2 billion, mainly due to the prepayment of conduit debt mortgages, housing revenue mortgages, and economic restructuring of the Corporation's debt. Scheduled debt service principal payments this fiscal year were \$203.3 million. (See Note 10: "Bonds Payable".)

**Interest Payable:** Accrued interest payable increased to \$97.5 million at October 31, 2016 from \$89.4 million in 2015. The increase was partially due to the new bond issuances in the General Resolution, and higher interest rates on variable rate demand obligation bonds.

**Payable to The City of New York:** Payable to The City of New York increased by a net of \$72.6 million from 2015 to \$1.06 billion. The payable to the City is grouped into two categories for reporting purposes. Loan participation agreements and others. The City loan participation program had an outstanding balance of \$604.5 million, a net decrease of \$22.1 million resulting from payoffs of mortgages in the MLRP, and credit facilities fees due to HDC on the City mortgage loan sale program. The second category, other payable to The City of New York, had a net increase of \$94.8 million; this includes the balance due to the Corporation for the loan funded to the purchasers of the Stuyvesant Town-Peter Cooper Village development, mortgage loans funded under the HPD Grant Program pursuant to Section 661 of the NYS Private Housing Finance Law, and other loan servicing on behalf of HPD.

**Payable to Mortgagors:** Payable to mortgagors decreased from \$598.2 million to \$596 million in 2016. The net decrease of \$2.2 million includes a net increase of \$25.3 million of escrow and reserve for replacements funds collected from mortgagors, in the course of the Corporation's loan servicing function. Principal reserve and other prepayment funds received to cover bond debt service decreased by a net of \$20.8 million as a result of bond redemptions. Mortgagor's equity, Community Development Block Grants ("CDBG") and other funds held on behalf of mortgagors decreased by \$6.7 million due to funds being advanced.

**Accounts Payable:** Accounts payable at fiscal yearend was \$169.2 million, down from \$215.2 million at October 31, 2015. The net decrease of \$45.9 million was mainly due to payments made by the Corporation on a construction loan participation agreement with Citibank. Under the agreement, Citibank funds mortgage advances on construction loans for a specified number of projects. In fiscal year 2016, the repayments under the agreement exceed loan advances made on behalf of the Corporation by \$29.7 million. Other payables included \$12.9 million received from HUD on behalf of one development; the funds were used to pay off the project's mortgage. Bond issuance costs payable and credit enhancement funds payable decreased by \$5.4 million. Mortgage insurance premiums payable increased by \$2.1 million.

**Net Pension and OPEB Liabilities:** The accumulated amount of the Corporation's net pension liability as calculated by the NYCOA was \$12.9 million as of October 31, 2016, an increase of \$2 million from 2015. Other post-employment liabilities ("OPEB") increased by \$2.1 million to \$11.1 million. The increase consisted of the Corporation's net obligation for the fiscal year, which includes normal costs for current employees and interest expense.

**Unearned Revenues and Other Liabilities:** Unearned revenues and other liabilities decreased by \$3.5 million to \$96.2 million at October 31, 2016. The net change includes an increase of \$6.1 million of construction and bond financing fees collected on mortgage closings which will be

earned over the construction period of the related mortgages. Other unearned revenues include deferred guaranty and other fees received in advance, which decreased by \$2.2 million. Prepaid debt service funds also decreased by \$7.4 million.

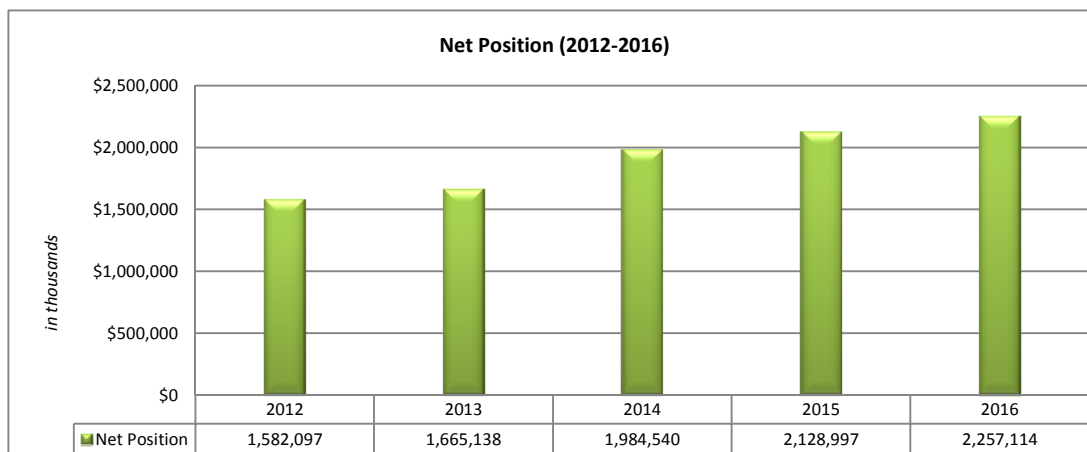
### Deferred Inflows of Resources

Deferred inflows of resources decreased from \$2.1 million at October 31, 2015 to \$1.6 million as of October 31, 2016. The deferred inflow is related to the Corporation’s pension liability and represents the net difference between the expected and actual investment earnings on pension plan investments as calculated by the NYCOA.

### Net Position

Net position, the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources, totaled \$2.26 billion as of October 31, 2016. This represents an increase of \$128.1 million or 6.02% over the balance in the previous year. In 2015, total net position increased by \$144.5 million. The \$128.1 million change includes \$104.5 million of net operating income, and \$23.6 million from non-operating revenues, net of expenses. Non-operating revenue was mainly comprised of earnings on investments, including the fair market value adjustment.

Net position is classified as either restricted or unrestricted assets, with restricted assets being committed by law or contract for specific purposes. HDC’s most significant restricted assets include debt service reserves for HDC bond issues, and undisbursed bond proceeds held prior to construction advances. Unrestricted assets may be classified as designated or undesignated. Designated assets are those allocated by action or policy for specific purposes determined by HDC’s Members, such as rating agency reserves (to support the Corporation’s general obligation rating), specific housing loan programs to which the Corporation has committed resources under the Mayor’s *Housing New York Plan*, and working capital. Virtually all of the Corporation’s net position is either restricted or designated. The following chart presents the comparative data of the Corporation’s net position over the last five years:



## Condensed Statement of Revenues, Expenses and Changes in Net Position

The condensed Statement of Revenues, Expenses and Changes in Net Position presents revenues recognized in and expenses attributed to the fiscal year ended October 31, 2016. The table below summarizes the primary entity, HDC's, revenues and expenses and presents comparative data. It should be read in conjunction with the financial statements. (Dollar amounts are in thousands):

	2016	2015	Change	Percent Change
<b>Revenues</b>				
Interest on Loans	\$306,193	\$270,483	\$35,710	13.20%
Fees and Charges	64,446	62,992	1,454	2.31
Income on Loan Participation Interests	21,735	2,827	18,908	668.84
Other Income	5,399	17,945	(12,546)	(69.91)
<b>Total Operating Revenues</b>	<b>397,773</b>	<b>354,247</b>	<b>43,526</b>	<b>12.29</b>
<b>Expenses</b>				
Bond Interest and Amortization	239,755	216,005	23,750	11.00
Salaries and Related Expenses	25,644	24,142	1,502	6.22
Trustee and Other Fees	12,701	11,746	955	8.13
Bond Issuance Costs	9,922	12,782	(2,860)	(22.38)
Corporate Operating Expenses	5,206	6,105	(899)	(14.73)
<b>Total Operating Expenses</b>	<b>293,228</b>	<b>270,780</b>	<b>22,448</b>	<b>8.29</b>
<b>Operating Income</b>	<b>104,545</b>	<b>83,467</b>	<b>21,078</b>	<b>25.25</b>
<b>Non-operating Revenues (Expenses)</b>				
Earnings on Investments	23,503	23,227	276	1.19
Unrealized Gains on Investments	2,296	6,130	(3,834)	(62.54)
Other Non-operating Revenues (Expenses)	(2,227)	31,633	(33,860)	(107.04)
<b>Total Non-operating Revenues, net</b>	<b>23,572</b>	<b>60,990</b>	<b>(37,418)</b>	<b>(61.35)</b>
<b>Change in Net Position</b>	<b>128,117</b>	<b>144,457</b>	<b>(16,340)</b>	<b>(11.31)</b>
Net Position, Beginning of year	2,128,997	1,984,540	144,457	7.28
<b>Net Position, End of Year</b>	<b>\$2,257,114</b>	<b>\$2,128,997</b>	<b>\$128,117</b>	<b>6.02%</b>

Revenues of the Corporation are classified as operating and non-operating. Interest income from mortgages represents the Corporation's major source of operating revenue. It also includes various loan and bond program fees such as commitment, bond financing, mortgage insurance, and servicing fees. The Corporation's non-operating revenues consist mostly of earnings on investments and purpose investments. Investment income accrues to the benefit of the program for which the underlying sources of funds are utilized. Also reported separately as part of non-operating revenues (expenses) is the amount of unrealized appreciation or (depreciation) on investments reported by the Corporation during the year.

HDC's expenses are also classified as operating and non-operating. Operating expenses consist primarily of interest on bonds, which accounted for 81.8% of operating expenses in fiscal year 2016. Other operating expenses include corporate operating expenses (salaries, overhead, and depreciation) and fees. Non-operating expenses consist largely of the amortization of interest rate caps, loss on the early retirement of debt, and the amortization of the capitalized value of a purchased cash flow.

## **RESULTS OF OPERATIONS**

### **Revenues**

The Corporation had operating revenues of \$397.8 million in 2016 compared to \$354.2 million in fiscal year 2015, an increase of \$43.5 million or 12.29%. Operating revenues were approximately 94.4% of total revenues in 2016. Interest on loans increased by \$35.7 million in 2016 and loan participation income increased by \$18.9 million. Fee based income increased by \$1.4 million and other income was lower by \$12.5 million. As a result, net operating income for the year was \$104.5 million compared to \$83.5 million in 2015. As a percentage of total operating revenues, net operating income was 26.28% in fiscal year 2016 and 23.56% in 2015.

**Interest on Loans:** The largest component of operating revenues is interest on loans, which increased from \$270.5 million to \$306.2 million, or 13.2% from fiscal year 2015. The increase was a result of the higher mortgage and notes receivables balances, and the increase in interest rates on the Corporation's variable rate mortgages.

**Fees and Charges:** Fees and charges, which are mainly comprised of loan origination and servicing related fees, was \$64.4 million in 2016, an increase of \$1.5 million from 2015. The largest increase was in loan satisfaction fees due to the higher than normal mortgage prepayments. Loan satisfaction fees this fiscal year were \$7.1 million compared to \$1.8 million in 2015. Loan origination and servicing fees were lower in fiscal year 2016 compared to 2015.

**Income on Loan Participation Interests:** Loan participation income in fiscal year 2016 was \$21.7 million, an increase of \$18.9 million from the previous year. In 2015, loan participation income was \$2.8 million. Loan Participation income is driven by prepayments of second mortgage loans in the MLRP program. In fiscal year 2016, there were partial or full prepayments of five mortgages in the MLRP program compared to one in 2015.

**Other Income:** Other income in fiscal year 2016 was \$5.4 million compared to \$17.9 million in 2015. Other income is mainly comprised of a receivable setup for debt service on the NYCHA Capital Fund Grant program bonds, and income on mortgage participation fees. The NYCHA bonds debt service is paid semiannually by HUD. In fiscal year 2016, the lower receivable was offset by higher loan interest accrued as a result of the funds being advanced. Income on mortgage participation fees in 2016 was \$0.5 million, a decrease of \$0.7 million from the previous year.



## Expenses

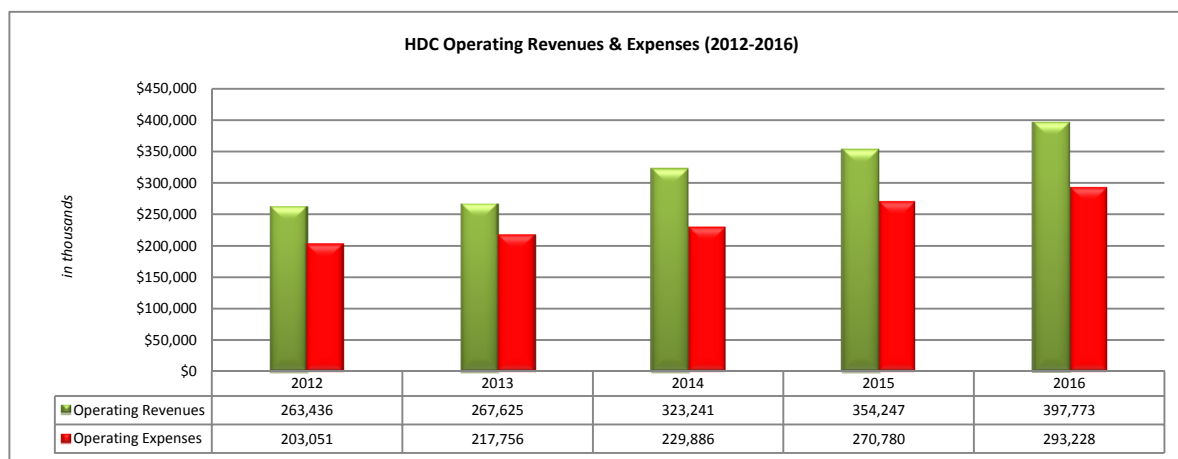
Operating expenses in fiscal year 2016 were \$293.2 million, an increase of \$22.4 million or 8.29% compared to the previous year. In 2015, operating expenses amounted to \$270.8 million. This increase was mainly attributable to bond interest expense due to the Corporation's bond issuance and refunding activities during the fiscal year.

**Bond Interest and Amortization:** Bond interest expense constituted 81.8% of the total operating expenses. Bond interest expense for the fiscal year 2016 was \$239.8 million compared to \$216 million for fiscal year 2015. The increase relates to the new bond issuances in the fiscal year and higher interest rates on variable rate debt.

**Salaries and Related Expense:** Salaries and related expense increased by \$1.5 million or 6.22% from a year ago. The increase is a result of higher post-employment benefits liabilities.

**Bond Issuance and Administration Expenses:** Bond issuance costs decreased from \$12.8 million in fiscal year 2015 to \$9.9 million in 2016. In 2016, HDC issued \$1.2 billion in new bonds compared to \$2.1 billion in 2015. Trustee and other fees increased by \$1.0 million. Corporate operating expenses declined from \$6.1 million in 2015 to \$5.2 million in fiscal year 2016.

The following chart presents the comparative data of the Corporation's operating revenues and expenses over the last five years:



## Other Non-Operating Revenues (Expenses)

**Earnings on Investments and Unrealized Gains:** Non-operating revenues primarily consist of earnings on investments. Investment income, including the fair market valuation adjustment of outstanding investments, decreased \$3.8 million from the prior year. Realized investment income was \$23.5 million, an increase of \$0.3 million from \$23.2 million in fiscal year 2015. The Corporation reported a \$2.3 million unrealized gain on investments this fiscal year compared to \$6.1 million in fiscal year 2015.

Non-operating revenues also include 421-Grant Revenue from BPCA when the Corporation receives them. As had previously indicated, the Corporation did not receive any 421-Grant Revenue during fiscal year 2016 compared to 2015.

Other non-operating revenues (expenses) include \$3.5 million of amortization on the 2011 participation interests purchased cash flow as a result of prepayments, offset by \$0.8 million in pass-through related revenues on the City loan sale participation programs and \$0.5 million operating transfers from the Corporation’s REMIC subsidiary.

### **Net Income**

Net income for fiscal year 2016 was \$128.1 million, down from \$144.5 million from the previous year. The decrease of \$16.3 million or 11.31% was mainly due to the decrease in non-operating revenues of \$37.4 million as a result of the completion of the 421-A Grant Revenue program with BPCA.

### **DEBT ADMINISTRATION**

At year-end, the Corporation had approximately \$10.1 billion of bond principal and debt obligations outstanding, net of discount and premium, a decrease of 0.94% over the prior year. The following table summarizes the changes in bonds payable and debt obligations between October 31, 2015 and October 31, 2016. (Dollar amounts are in thousands):

	2016	2015	Percentage increase FY 2015 to 2016
Bonds Payable & Debt Obligations	\$10,111,986	\$10,207,453	(0.94%)

In fiscal year 2016, all variable rate demand obligations (“VRDO”) bond series were successfully remarketed and there were no bonds that were tendered to become Bank Bonds. Additional information about HDC’s debt is presented in Note 10 to the financial statements.

### **NEW BUSINESS**

In fiscal year 2016, the Corporation issued 21 new taxable and tax-exempt bond series totaling \$1.2 billion. Included in this total were 19 series of Housing Revenue Bond Program bonds totaling \$1.18 billion and two series of Multi-Family Mortgage Revenue Bonds totaling \$16 million. In addition, the Corporation issued 1 series of Multi-Family Mortgage Revenue Debt Obligations tax-exempt totaling \$2.8 million. The Corporation also made low interest loans from its net position. Subsequent to October 31, 2016, HDC issued additional bond series and debt obligations totaling \$564.8 million. (See Note 20: “Subsequent Events”.)

### **CONTACTING THE CORPORATION’S FINANCIAL MANAGEMENT**

This financial report is designed to provide 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. The Corporation also maintains information on its website at [www.nychdc.com](http://www.nychdc.com).

# New York City Housing Development Corporation Statements of Net Position

At October 31, 2016 (with comparative summarized financial information as of October 31, 2015) (in thousands)

	HDC and Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2016	2015
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents (note 3)	\$ 732,710	\$ -	\$ -	\$ 732,710	\$ 782,027
Investments (note 3)	258,255	-	-	258,255	375,587
Receivables:					
Mortgage loans (note 4)	102,308	30	-	102,338	124,791
Accrued interest	44,382	1,324	-	45,706	27,828
Notes (note 5)	30,760	-	-	30,760	29,455
Other (note 7)	12,715	-	-	12,715	44,295
<b>Total Receivables</b>	<b>190,165</b>	<b>1,354</b>	<b>-</b>	<b>191,519</b>	<b>226,369</b>
Other assets	5	-	-	5	15
<b>Total Current Assets</b>	<b>1,181,135</b>	<b>1,354</b>	<b>-</b>	<b>1,182,489</b>	<b>1,383,998</b>
<b>Noncurrent Assets:</b>					
Restricted cash and cash equivalents (note 3)	832,252	290	40,667	873,209	1,128,608
Restricted investments (note 3)	1,469,877	699	76,924	1,547,500	1,292,953
Purpose investments (note 2)	30,452	-	-	30,452	31,066
Mortgage loans (note 4)	363,423	-	-	363,423	398,282
Restricted receivables:					
Mortgage loans (note 4)	9,159,093	171,811	-	9,330,904	9,084,143
Mortgage loan participation - Federal Financing Bank (note 4)	100,163	-	-	100,163	71,450
Loan participation receivable - The City of NY (note 6)	604,529	-	-	604,529	626,645
Accrued interest	2,904	-	-	2,904	11,489
Notes (note 5)	593,611	-	-	593,611	421,073
Other (note 7)	57,189	-	-	57,189	23,317
<b>Total restricted receivables</b>	<b>10,517,489</b>	<b>171,811</b>	<b>-</b>	<b>10,689,300</b>	<b>10,238,117</b>
Primary government/component unit receivable (payable)	4,276	(4,257)	(19)	-	-
Capital assets	2,473	-	-	2,473	1,796
Other assets (note 8)	5,571	-	-	5,571	9,118
<b>Total Noncurrent Assets</b>	<b>13,225,813</b>	<b>168,543</b>	<b>117,572</b>	<b>13,511,928</b>	<b>13,099,940</b>
<b>Total Assets</b>	<b>14,406,948</b>	<b>169,897</b>	<b>117,572</b>	<b>14,694,417</b>	<b>14,483,938</b>
<b>Deferred Outflows of Resources</b>					
Interest rate caps (note 9)	1,066	-	-	1,066	2,602
Deferred loss on early retirement of debt (note 9)	7,039	-	-	7,039	7,685
Deferred outflows related to pension plan (note 13)	3,608	-	-	3,608	2,063
<b>Total Deferred Outflows of Resources</b>	<b>\$ 11,713</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,713</b>	<b>\$ 12,350</b>

See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation

## Statements of Net Position (continued)

At October 31, 2016 (with comparative summarized financial information as of October 31, 2015) (in thousands)

HDC and Component Units				
New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation		Total
				2016
				2015

### Liabilities

#### Current Liabilities:

Bonds payable (net) (note 10)	\$	327,642	\$	-	\$	-	\$	327,642	\$	429,706
Accrued interest payable		97,531		-		-		97,531		89,441
Payable to mortgagors		149,438		-		-		149,438		138,226
Restricted earnings on investments		16,264		42		-		16,306		16,576
Accounts and other payables		169,222		-		-		169,222		215,195
<b>Total Current Liabilities</b>		<b>760,097</b>		<b>42</b>		<b>-</b>		<b>760,139</b>		<b>889,144</b>

#### Noncurrent Liabilities:

Bonds and debt obligations payable:										
Bonds payable (net) (note 10)		9,529,494		-		-		9,529,494		9,671,638
Debt obligations payable		154,687		-		-		154,687		34,659
Loan participation payable to Federal Financing Bank		100,163		-		-		100,163		71,450
Payable to The City of New York:										
Loan participation agreements (note 12)		604,529		-		-		604,529		626,645
Other		460,482		169,711		-		630,193		395,545
Payable to mortgagors		446,565		143		-		446,708		460,517
Net pension liabilities (note 13)		12,877		-		-		12,877		10,908
OPEB liability (note 14)		11,051		-		-		11,051		8,919
Unearned revenues, amounts received in advance and other liabilities		79,962		-		-		79,962		83,198
Due to the United States Government (note 15)		9		-		-		9		10
<b>Total Noncurrent Liabilities</b>		<b>11,399,819</b>		<b>169,854</b>		<b>-</b>		<b>11,569,673</b>		<b>11,363,489</b>
<b>Total Liabilities</b>		<b>12,159,916</b>		<b>169,896</b>		<b>-</b>		<b>12,329,812</b>		<b>12,252,633</b>

### Deferred Inflows of Resources

Deferred inflows from pensions		1,631		-		-		1,631		2,075
<b>Total Deferred Inflows of Resources</b>		<b>1,631</b>		<b>-</b>		<b>-</b>		<b>1,631</b>		<b>2,075</b>

### Net Position

Net investment in capital assets		2,473		-		-		2,473		1,796
Restricted for bond obligations (note 19)		1,395,993		1		-		1,395,994		1,207,367
Restricted for insurance requirement and others		-		-		68,293		68,293		64,274
Unrestricted (note 19)		858,648		-		49,279		907,927		968,143
<b>Total Net Position</b>	<b>\$</b>	<b>2,257,114</b>	<b>\$</b>	<b>1</b>	<b>\$</b>	<b>117,572</b>	<b>\$</b>	<b>2,374,687</b>	<b>\$</b>	<b>2,241,580</b>

See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation

## Statements of Revenues, Expenses and Changes in Net Position

New York City  
Housing Development  
Corporation  
2016 Financial Statements

Year ended October 31, 2016 (with comparative summarized financial information for the year ended October 31, 2015) (in thousands)

	HDC and Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2016	2015
<b>Operating Revenues</b>					
Interest on loans (note 4)	\$ 306,193	\$ -	\$ -	\$ 306,193	270,483
Fees and charges (note 7)	64,446	-	3,800	68,246	66,063
Income on loan participation interests (note 6)	21,735	-	-	21,735	2,827
Other	5,399	-	-	5,399	17,945
<b>Total Operating Revenues</b>	<b>397,773</b>	<b>-</b>	<b>3,800</b>	<b>401,573</b>	<b>357,318</b>
<b>Operating Expenses</b>					
Interest and amortization of bond premium and discount (note 10)	239,755	-	-	239,755	216,005
Salaries and related expenses (note 13)	25,644	-	-	25,644	24,142
Trustees' and other fees	12,701	-	-	12,701	11,746
Bond issuance costs	9,922	-	-	9,922	12,782
Corporate operating expenses (note 11)	5,206	-	-	5,206	6,105
<b>Total Operating Expenses</b>	<b>293,228</b>	<b>-</b>	<b>-</b>	<b>293,228</b>	<b>270,780</b>
<b>Operating Income</b>	<b>104,545</b>	<b>-</b>	<b>3,800</b>	<b>108,345</b>	<b>86,538</b>
<b>Non-operating Revenues (Expenses)</b>					
Earnings on investments (note 3)	23,503	-	1,504	25,007	25,451
Unrealized gains (losses) on investments (note 3)	2,296	(33)	234	2,497	6,873
Loss on early retirement of debt, net	-	-	-	-	(699)
Other non-operating revenues, net (note 7)	(2,742)	-	-	(2,742)	39,841
Payments from REMIC Subsidiary to HDC	515	-	(515)	-	-
<b>Total Non-operating Revenues, net</b>	<b>23,572</b>	<b>(33)</b>	<b>1,223</b>	<b>24,762</b>	<b>71,466</b>
<b>Income (Loss) before Special Item</b>	<b>128,117</b>	<b>(33)</b>	<b>5,023</b>	<b>133,107</b>	<b>158,004</b>
Loan participation agreement securitization	-	-	-	-	-
<b>Changes in Net Position</b>	<b>128,117</b>	<b>(33)</b>	<b>5,023</b>	<b>133,107</b>	<b>158,004</b>
Total net position - beginning of year	2,128,997	34	112,549	2,241,580	2,083,576
<b>Total Net Position - End of Year</b>	<b>\$ 2,257,114</b>	<b>\$ 1</b>	<b>\$ 117,572</b>	<b>\$ 2,374,687</b>	<b>\$ 2,241,580</b>

See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation Statements of Cash Flows

New York City  
Housing Development  
Corporation  
2016 Financial Statements

Years ended October 31, 2016 (with comparative summarized financial information for the year ended October 31, 2015) (in thousands)

	HDC and Component Units			Total	
	New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	2016	2015
<b>Cash Flows From Operating Activities</b>					
Mortgage loan repayments	\$ 1,314,828	\$ 370	\$ -	\$ 1,315,198	\$ 1,242,871
Note repayments	55,657	-	-	55,657	45,039
Receipts from fees and charges	49,821	-	113	49,934	59,728
Mortgage escrow receipts	162,917	-	-	162,917	153,866
Reserve for replacement receipts	28,794	-	-	28,794	25,004
Mortgage loan advances	(1,069,887)	(143,236)	-	(1,213,123)	(1,821,164)
Note advances	(207,594)	-	-	(207,594)	(196,618)
Escrow disbursements	(144,364)	-	-	(144,364)	(134,474)
Reserve for replacement disbursements	(19,519)	-	-	(19,519)	(16,251)
Payments to employees	(23,442)	-	-	(23,442)	(22,982)
Payments to suppliers for corporate operating expenses	(4,696)	-	-	(4,696)	(5,748)
Project contributions and funds received from NYC	187,509	-	-	187,509	129,817
Advances and other payments for NYC	(37,598)	-	-	(37,598)	(60,331)
Bond cost of issuance	(9,344)	-	-	(9,344)	(10,762)
Other receipts	422,615	-	-	422,615	464,793
Other payments	(431,566)	(3,655)	-	(435,221)	(282,273)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>274,131</b>	<b>(146,521)</b>	<b>113</b>	<b>127,723</b>	<b>(429,485)</b>
<b>Cash Flows From Non Capital Financing Activities</b>					
Proceeds from sale of bonds	1,205,404	-	-	1,205,404	2,146,562
Proceeds from loan participation - FFB	29,540	-	-	29,540	-
Proceeds from debt obligations	120,028	-	-	120,028	33,460
Retirement of bonds	(1,446,077)	-	-	(1,446,077)	(1,281,916)
Interest paid	(234,221)	-	-	(234,221)	(205,947)
Grant proceeds from BPCA	-	-	-	-	42,803
Payments to component units	(147,780)	144,596	3,184	-	-
<b>Net Cash (Used in) Provided by Non Capital Financing Activities</b>	<b>(473,106)</b>	<b>144,596</b>	<b>3,184</b>	<b>(325,326)</b>	<b>734,962</b>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Purchase of capital assets	(1,201)	-	-	(1,201)	(838)
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<b>(1,201)</b>	<b>-</b>	<b>-</b>	<b>(1,201)</b>	<b>(838)</b>
<b>Cash Flows From Investing Activities</b>					
Sale of investments	20,578,944	8,986	459,527	21,047,457	23,616,644
Purchase of investments	(20,713,079)	(7,585)	(460,886)	(21,181,550)	(23,950,578)
Interest and dividends collected	26,572	2	1,607	28,181	30,911
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(107,563)</b>	<b>1,403</b>	<b>248</b>	<b>(105,912)</b>	<b>(303,023)</b>
(Decrease) increase in cash and cash equivalents	(307,739)	(522)	3,545	(304,716)	1,616
Cash and cash equivalents at beginning of year	1,872,701	812	37,122	1,910,635	1,909,019
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,564,962</b>	<b>\$ 290</b>	<b>\$ 40,667</b>	<b>\$ 1,605,919</b>	<b>\$ 1,910,635</b>

See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation

## Statements of Cash Flows (continued)

Years ended October 31, 2016 (with comparative summarized financial information for the year ended October 31, 2015) (in thousands)

HDC and Component Units				
New York City Housing Development Corporation	New York City Housing Assistance Corporation	New York City Residential Mortgage Insurance Corporation	Total	
			2016	2015

### Reconciliation of Operating Income to Net Cash Provided by in Operating Activities:

<b>Operating Income</b>	\$	<b>104,545</b>	\$	-	\$	<b>3,800</b>	\$	<b>108,345</b>	\$	<b>86,538</b>
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### Adjustments to reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:

Depreciation expense		523		-		-		523		386
Amortization of bond discount and premium		(4,363)		-		-		(4,363)		(4,144)
Amortization of deferred loss on early retirement of debt		646		-		-		646		626
Nonoperating bond interest payment		234,221		-		-		234,221		205,948

### Changes in Assets & Liabilities:

Mortgage loans		(68,820)		(143,206)		-		(212,026)		(872,525)
Accrued interest receivable		(777)		90		-		(687)		(7,454)
Notes receivables		(173,843)		-		-		(173,843)		(164,238)
Other receivables		5,146		-		12		5,158		6,199
Primary government/component unit receivable (payable)		146,587		(142,888)		(3,699)		-		-
Other assets		-		-		-		-		(643)
Payable to The City of New York		72,938		139,843		-		212,781		119,600
Payable to mortgagors		(3,164)		(360)		-		(3,524)		47,963
Accounts and other payables		(41,871)		-		-		(41,871)		136,289
Restricted earnings on investments		(1,869)		-		-		(1,869)		(700)
Unearned revenues, amounts received in advance and other liabilities		(3,858)		-		-		(3,858)		5,296
Accrued interest payable		8,090		-		-		8,090		11,374
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$</b>	<b>274,131</b>	<b>\$</b>	<b>(146,521)</b>	<b>\$</b>	<b>113</b>	<b>\$</b>	<b>127,723</b>	<b>\$</b>	<b>(429,485)</b>

### Non Cash Investing Activities:

Increase (decrease) in fair value of investments	\$	2,296	\$	(33)	\$	234	\$	2,497	\$	6,873
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See accompanying notes to the basic financial statements.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

### 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 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”) Statement No. 14, *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.

#### Primary Government Entity

For the purpose of these financial statements, the Corporation is the primary government entity. Financial activity in HDC’s bond and loan programs and in its Corporate Services Fund are aggregated and reported in the financial statements under Housing Development Corporation. The Corporation sells bonds, administers bond proceeds and manages bond revenues and repayments in accordance with bond resolutions adopted by its Board Members (See Note 10: “Bonds Payable”). Bond proceeds are used to make loans and provide for related costs and reserves, and loan repayments are applied to pay principal and interest on the related bonds (See Note 4: “Mortgage Loans”; Note 5: “Notes Receivable”; and Note 6: “Loan Participation Receivable for The City of New York”). Corporation resources that are not pledged under or governed by a bond resolution are managed in the Corporate Services Fund. This fund accounts for (1) fees and earnings transferred from the bond and loan programs; (2) fees earned on loans serviced for HDC and for the City; (3) compliance monitoring fees; (4) income from Corporate Services Fund investments; (5) grant revenues; (6) payments of the Corporation’s operating expenses; and (7) loans made with corporate funds.

The Corporation currently has one blended component unit, two active subsidiaries that are reported as component units in the financial statements, and one inactive subsidiary.



# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

The New York City Housing Assistance Corporation (“HAC”) and the New York City Residential Mortgage Insurance Corporation (“REMIC”) are active subsidiaries and together with the Housing New York Corporation (“HNYC”) and the Real Estate Owned Corporation comprise the reporting entity. HAC and REMIC have been included in the Corporation’s financial statements as blended component units of HDC. All of these entities have been reported as component units because HDC’s Members comprise all or a controlling majority of the Board for each entity and HDC’s staff provides all services for each entity.

### Component Units

#### *(A) New York City Housing Assistance Corporation*

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 component unit in HDC’s financial statements.

#### *(B) New York City Residential Mortgage Insurance Corporation*

REMIC 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 currently maintains two reserves; the Housing Insurance Fund and the Premium Reserve Fund. The Housing Insurance Fund can 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 is established by statute and 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, 2016 is \$68,293,000.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

Any income or interest earned on the Housing Insurance Fund in excess of its respective requirements is 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. REMIC also maintains an Operating Fund for operation purposes. As a component unit of HDC, REMIC functions are administered by the Corporation. The Premium Reserve Fund and Operating Fund have a combined balance of \$49,279,000 at October 31, 2016. REMIC is a component unit because HDC's Members comprise a controlling majority of the Board and HDC's staff provides all services for REMIC.

### Blended Component Unit

#### *(C) Real Estate Owned Corporation*

The NYC HDC Real Estate Owned Corporation ("REO Subsidiary Corporation") was established under Section 654-a of the Act on September 20, 2004. The REO Subsidiary Corporation has the power to hold property whenever, in the sole discretion of the Corporation, it has become necessary to acquire a project in the case of sale under foreclosure or in lieu of foreclosure to effectuate the purposes of the Act. There was no activity undertaken by this subsidiary during fiscal year 2016, and did not have any assets or liabilities at October 31, 2016. The REO Subsidiary Corporation is treated as a blended component unit of HDC.

### Inactive Subsidiary

#### *(D) 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. 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.

Upon repayment of all of the outstanding HNYC bonds on November 3, 2003, HNYC became an inactive subsidiary of the Corporation and its remaining funds were transferred out of HNYC. However, HNYC is not expected to be dissolved.

## **Note 2: Summary of Significant Accounting Policies**

The Corporation follows the principles of fund accounting, with a sub-fund for each bond series, for the Corporate Services Fund, and for each component unit. Each fund's assets, liabilities and net position are accounted for as separate entities and follow enterprise fund reporting. Certain individual funds are aggregated into larger categories for the purpose of financial reporting. 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 GASB.

# New York City Housing Development Corporation

## Notes to the Financial Statements

### October 31, 2016

Other significant accounting policies are:

#### *A. Revenue and Expense Recognition*

The Corporation's operating revenues consist of earnings on loans and loan participation interests, 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. All other revenue, which is primarily investment income and grant revenue are considered non-operating. Revenues are recognized when earned.

Operating expenses include bonding costs, expenses for administering the various bond resolutions, personnel expenses, corporate operating expenses, bond issuance and financing costs, and depreciation expense. The Corporation reports all other expenses, including distributions of first mortgage earnings to the City in connection with loan participations and the payment, if necessary, of mortgage loan principal receipts on bond payments, as non-operating expenses. Expenses are recognized as incurred.

Virtually all resources are either restricted or designated. Net position has been restricted in accordance with terms of an award, agreement or by state law. Designated assets are committed for specific purposes pursuant to HDC policy and/or Board directives. (Please see Note 19: "Net Position" for more detailed information.)

#### *B. Cash Equivalents and 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 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.

Generally Accepted Accounting Principles ("GAAP") require that restricted assets be reported as non-current assets. In the case of cash equivalents and investments, this treatment generally causes restricted investments with maturities less than one year to be reported as non-current. However, to more accurately report the alignment of HDC's current liability for payment of bond principal and interest with funds available to satisfy these liabilities, HDC has included in Current Assets, the cash, cash equivalents and investments totaling \$596,890,000 at October 31, 2016, to cover the payment of bond principal and interest due in the following year.

#### *C. 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 investment income.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

It is the Corporation's policy to record GNMA certificates at amortized cost, which amounted to \$30,452,000 and \$31,066,000 at October 31, 2016 and October 31, 2015, respectively. The fair value of these purpose investments amounted to \$31,532,000 and \$32,676,000 at October 31, 2016 and at October 31, 2015, respectively.

### *D. Mortgage Loans*

As part of the Corporation's major financing activities, mortgage loans are funded from bond and debt obligation proceeds and corporate reserves. The mortgage loans funded from bond proceeds and debt obligations are generally classified as restricted receivables because the loan repayments of all such loans are pledged to cover the debt service on the related bonds and obligations. The loans funded from corporate reserves are not restricted but designated for a specific purpose.

### *E. Earnings on Investments*

Investment earnings on monies held for the City, project reserves for replacement and certain other project escrows are not reported as revenues; rather, they are reported as payable to the City or payable to mortgagors, respectively.

### *F. Allowance for Credit Losses*

HDC's loans are underwritten according to standards the Corporation believes prudent and are closely monitored for payment and for management of the associated housing developments. In addition, many of the Corporation's mortgages have credit enhancements through letters of credit, mortgage insurance and other supports. Therefore, HDC believes that the likelihood of experiencing material credit losses relating to its bonded mortgage programs is remote. Management has determined that current charges against income are not required.

### *G. Summarized Financial Information*

The financial statements include summarized comparative information as of and for the year ended October 31, 2015 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, 2015 (which are available from the Corporation and on its website).

### *H. Reclassifications*

Certain fiscal year 2015 balances have been reclassified in order to conform to the current year presentation.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

### *I. Recent and Upcoming Accounting Pronouncements*

#### Accounting Standards Issued and Adopted

GASB Statement No. 72 ("GASB No. 72"), *Fair Value Measurement and Application*, was issued in February 2015. The scope of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. The Statement is effective for fiscal years beginning after June 15, 2015 and the Corporation has adopted Statement No. 72 in its fiscal year ended October 31, 2016.

HDC categorizes its fair value measurements within the fair value hierarchy established by generally accept 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, 2016:

- NYC/NYS Municipal securities of \$45,118,000 are valued using quoted market prices (Level 1 inputs)
- U.S. Treasury securities of \$235,451,000 are valued using quoted market prices (Level 2 inputs)
- U.S. Agency securities of \$1,045,039,000 are valued using quoted market prices (Level 2 inputs)
- Term Repurchase Agreements and Open Time Deposits of \$415,038,000 are valued using other significant observable inputs (Level 2 inputs)

GASB Statement No. 73 ("GASB No. 73"), *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68 were issued in June 2015. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. This Statement also clarifies the application of certain provisions of Statements 67 and 68 with regard to the following issues:

- Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- Accounting and financial reporting for separately financed specific liabilities of individual employers and non-employer contributing entities for defined benefit pensions.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

- Timing of employer recognition of revenue for the support of non-employer contributing entities not in a special funding situation.

The Statement is effective for fiscal years beginning after June 15, 2015. Adoption of GASB 73 in 2016 had no impact on the Corporation.

### Accounting Standards Issued and Not Yet Adopted

GASB Statement No. 74 ("GASB No. 74"), *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in June 2015. Statement 74 replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The Statement is effective for fiscal years beginning after June 15, 2016. Adoption of GASB 74 in 2016 had no impact on the Corporation.

GASB Statement No. 75 ("GASB No. 75"), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, Non-employer contributing entities, the OPEB plan administrator, and the plan members.

The Statement is effective for fiscal years beginning after June 15, 2017. The Corporation is in the process of evaluating the impact of its adoption on the financial statements.

In June 2015, GASB issued Statement No. 76 ("GASB No. 76"), *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015. Adoption of GASB 76 in 2016 had no impact on the Corporation.

In August 2015, GASB issued Statement No. 77 ("GASB No. 77"), *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The provisions of this statement are effective for fiscal years beginning after December 15, 2015. Adoption of GASB 77 in 2016 had no impact on the Corporation.

In December 2015, GASB issued Statement No. 78 ("GASB No. 78"), *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB No. 68. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The provisions of this Statement are effective for fiscal years beginning after December 15, 2015. This Statement had no impact on the Corporation.

In December 2015, GASB issued Statement No. 79 ("GASB No. 79"), *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address for certain external investment pools and their participants, the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

standards. The provisions of this Statement are effective for fiscal years beginning after December 15, 2015. This Statement had no impact on the Corporation.

In January 2016, GASB issued Statement No. 80 ("GASB No. 80"), *Blending Requirements For Certain Component Units—An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of *Statement No. 14, The Financial Reporting Entity*, as amended. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This Statement had no impact on the Corporation.

In March 2016, GASB issued Statement No. 82 ("GASB No. 82"), *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This Statement had no significant impact on the Corporation.

### Note 3: Investments and Deposits

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, and repurchase agreements. In fiscal year 2016, 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, 2016. 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.



# New York City Housing Development Corporation

## Notes to the Financial Statements

### October 31, 2016

All investment transactions are recorded on the trade date. HDC investments, other than purpose investments, at October 31, 2016, were as follows:

Investment Type <i>(in thousands)</i>	Investment Maturities at October 31, 2016 (in Years)				
	2016	Less than 1	1-5	6-10	More than 10
Money Market and NOW Accounts	\$1,167,656	1,167,656	—	—	—
FHLMC Bonds	951,664	99,987	851,677	—	—
Fixed Repurchase Agreements	378,914	378,914	—	—	—
Term Repurchase Agreements	368,927	75,988	286,809	—	6,130
U.S. Treasury (Bonds, Notes, Bills)	235,451	231,377	—	4,074	—
FNMA Bonds	93,375	—	25,003	68,372	—
Open Time Deposits	46,111	—	—	—	46,111
NYS/NYC Municipal Bonds *	45,118	7,171	37,947	—	—
<b>Total</b>	<b>\$3,287,216</b>	<b>1,961,093</b>	<b>1,201,436</b>	<b>72,446</b>	<b>52,241</b>
Less amounts classified as cash equivalents	(1,559,084)	(1,559,084)	—	—	—
<b>Total investments</b>	<b>\$1,728,132</b>	<b>402,009</b>	<b>1,201,436</b>	<b>72,446</b>	<b>52,241</b>

\*Note: Primarily taxable VRDO instruments which can be put weekly.

In addition to the investments identified above, as of October 31, 2016 and 2015, the Corporation held \$5,878,000 and \$5,357,000, respectively, uninvested as cash in various trust and escrow accounts.

As required by GASB No. 31, the Corporation has recorded a fair value adjustment in its investment portfolio. The Corporation recorded a net appreciation of \$2,296,000 at October 31, 2016.

*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, 2016, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae") and Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") were rated by Standard & Poor's and/or Moody's Investors Service (Fannie Mae and Freddie Mac are collectively referred to as "Agency"). These ratings were AA+ and A-1+ by Standard & Poor's, and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively. Investments in Fannie Mae and Freddie Mac 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 from AAA to F2. Money market accounts are either backed by collateral held by the provider or letters of credit provided by third parties.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

Ratings for NYS/NYC municipal bonds are based on each issuer's rating for its general obligation debt. The issuers' ratings were AAA by Standard & Poor's; ranged from Aaa to Aa1 by Moody's; and AAA by Fitch Ratings Service. 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, 2016, open time deposits in the amount of \$30,093,000, repurchase agreements in the amount of \$747,841,000 and demand accounts in the amount of \$1,167,656,000 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.

For deposits, custodial credit risk is the risk that in the event of a bank failure the Corporation's deposit may not be returned to it. HDC bank deposits amounted to \$13,368,000 at October 31, 2016, of which \$12,396,000 was uninsured by Federal Deposit Insurance Corporation ("FDIC") and uncollateralized. Correspondingly, \$8,717,000 was secured in trust accounts, which are protected under state law and \$4,650,000 was held in Demand Deposit Accounts ("DDA"). HDC limits its deposits to highly rated institutions, and such deposits are either in trust accounts or partially insured through the FDIC. The maximum coverage of \$250,000 is available to depositors under the FDIC's general deposit insurance rules. All of the Corporation's funds held in the DDA are subject to this provision.

*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 total investments at October 31, 2016 (\$ in thousands):

Issuer	Dollar Amount	Percentage
FHLMC	\$951,664	28.95%
Signature Bank*	642,137	19.53
NY Community Bank	301,256	9.16
Deutsche Bank	286,584	8.72
Daiwa Securities	271,558	8.26

\*Note: Covered by FHLB securities and/or FHLB letter of credit collateral held at FHLB as the Corporation's collateral agent.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

### Note 4: Mortgage Loans

The Corporation had outstanding, under various loan programs, mortgage loans of \$9,724,987,000 and \$9,650,031,000 as of October 31, 2016 and 2015, respectively. These amounts represent the portion of mortgage loans for which the Corporation has advanced monies. Of the total loans outstanding above, \$363,423,000 of loans funded from corporate reserves were not restricted assets as they were not pledged to any specific bonds or under any bond resolutions. However, they are considered designated as defined under Note 19: Net Position. The portion of mortgage loans that has not yet been advanced is recorded as investments and amounted to \$1,532,424,000 and \$1,527,814,000 at October 31, 2016 and October 31, 2015, respectively. (See Note 16: “Commitments”.)

#### Changes in Mortgage Loans

The changes in Mortgage Loans are as follows:

Mortgage loans outstanding at October 31, 2015	\$9,650,031,000
Mortgage Advances	1,138,241,000
Principal Collections	(1,063,293,000)
Discount/Premium Amortized	8,000
Mortgage loans outstanding at October 31, 2016	\$9,724,987,000

#### *(A) New York City Housing Development Corporation*

(i) The HDC mortgage loans listed above were originally repayable over terms of 9 to 50 years and bear interest at rates from 0.01% to 10.36% per annum. Almost all mortgage loans receivable are collateralized by first or second mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. The table above does not include loans which are not secured by mortgages, which include a military housing loan and a loan to the New York City Housing Authority (“NYCHA”), each of which are secured by notes (See Note 5: “Notes Receivable”), and loans secured by GNMA certificates (See Note 2C: “Purpose Investments”). Of the total HDC mortgages including those that are in the Mitchell-Lama programs held as of October 31, 2016, 76% are first mortgages and 24% are subordinate loans.

(ii) In Fiscal Year 2014, the Corporation entered into a new financing agreement with the FFB for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured with mortgage insurance provided by the Federal Housing Administration (“FHA”) pursuant to a risk sharing agreement between FHA and such housing finance agency like the Corporation. The Corporation was selected to be the first housing finance agency to participate in this new Federal initiative to reduce the costs of capital for affordable housing. The Corporation acts as servicer of the loans and receives the monthly mortgage payments from the borrower as per the schedule of the Certificate of Participation. The monthly loan principal and interest payment will be remitted to the FFB as per the schedule of the Certificate of Participation.

During fiscal year 2014, the Corporation sold a beneficial ownership interest in its mortgage regarding the Arverne View Apartments (“a.k.a. Ocean Village”) originated by the Corporation and converted to a

# New York City Housing Development Corporation

## Notes to the Financial Statements

### October 31, 2016

permanent loan with FHA mortgage insurance.

During fiscal year 2016, three additional loans totaling \$29,540,000 were added to the FFB Loan Participation pool. They are referred to as: “2629 Sedgwick Avenue”, “Marseilles Apartments” and “Sons of Italy”. The mortgage loan participation program with FFB had a balance of \$100,163,000 and \$71,450,000 at October 31, 2016 and October 31, 2015, respectively.

#### *(B) Housing Assistance Corporation*

The Housing Assistance Corporation financed construction and capitalized interest costs for eight affordable housing projects during the period of 1986 to 1990. These loans, funded by the City, accrue interest at the rate of 0-1% per annum. As of October 31, 2016, there were four such loans remaining with an outstanding mortgage balance of \$28,605,000.

In fiscal year 2016, The City of New York requested the Corporation to facilitate the implementation of the new affordable housing regime for Stuyvesant Town-Peter Cooper Village. On December 15, 2015, HDC and Wells Fargo Bank entered into a Participation Agreement whereby HDC funded a \$143,236,000 subordinate loan to the purchasers of Stuyvesant Town-Peter Cooper Village. The Corporation executed this transaction through its subsidiary HAC. This subordinate loan bears no interest and is forgiven at the rate of 1/20<sup>th</sup> per annum over its 20 year term. As of October 31, 2016, the outstanding mortgage loan balance was \$143,236,000. It is expected that HDC will be reimbursed for this transaction pursuant to a memorandum of understanding with the City.

The total loan outstanding balance in HAC was \$171,841,000 and \$28,635,000 at October 31, 2016 and October 31, 2015, respectively.

#### **Note 5: Notes Receivable**

HDC has loans outstanding that are secured by notes and pledged revenues. Military Housing Notes receivable of \$44,850,000 was received in connection with the 2004 Series A Class I & II Military Housing Revenue Bond (Fort Hamilton LLC Project) issuance. The notes are secured by pledged revenues of the development under a Master Trust Indenture. The interest rate on the mortgage loan is a blended rate of 6.32% which is equal to the bond interest rate. The interest on the mortgage is collected semi-annually on the debt service date. As of October 31, 2016, the outstanding Military Housing Notes Receivable was \$44,850,000.

During fiscal year 2013, notes receivable from NYCHA received in connection with the Corporation’s 2005 Series A Capital Fund Program Revenue Bonds were replaced upon the issuance of the Corporation’s 2013 Series A Capital Fund Program Revenue Bonds. As of October 31, 2016, the outstanding NYCHA Notes Receivable relating to the 2013 Series A Bonds was \$160,351,000.

In addition to the NYCHA Notes Receivable of the 2013 Series A Bonds, the Corporation also agreed to provide additional funds for a second note from NYCHA for the purpose of modernizing and making capital improvements at NYCHA projects across the City. The Corporation issued the 2013 Series B Capital Fund Program Revenue Bonds for this purpose. As of October 31, 2016, the outstanding

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NYCHA Notes Receivable relating to the 2013 Series B Bonds was \$419,170,000.

The 2013 Series A and B Notes Receivables are secured by a first priority pledge of NYCHA's Capital Grant money provided by the United States Department of Housing and Urban Development ("HUD").

### **Note 6: Loan Participation Receivable for The City of New York**

In fiscal year 2002, the Corporation acquired interests in two real estate mortgage investment trusts in connection with its housing activities. In addition, the Corporation entered into various agreements with the City whereby HDC sold bonds and used the bond proceeds to purchase from the City interests in various mortgage loans and pools of mortgage loans.

In each of fiscal years 2002 and 2003, HDC used bond proceeds from its Multi-Family Housing Revenue Bonds, 2002 Series D (the "2002 Series D Bonds"), and Multi-Family Housing Revenue Bonds, 2003 Series D (the "2003 Series D Bonds"), to purchase a subordinated position in a 100% participation interest in a portion of the cash flows from a pool of mortgage loans the City had previously securitized in 1996. This pool is known as the Sheridan Trust II and HDC's purchased asset is the Sheridan Trust II Class B Certificate. Upon completion of the 2003 transaction, HDC's participation interest covered all of the City's cash flows from the Sheridan Trust II. In September 2005, the senior lien interests were satisfied and HDC became the primary beneficiary of Sheridan Trust II. At that time, therefore, the loan asset was added to HDC's statement of net position and was valued at its principal amount.

In 2006, the Corporation issued its Multi-Family Housing Revenue Bonds, 2006 Series A, which refinanced its 2002 Series D and 2003 Series D Bonds. In May, 2014, the 2006 Series A bonds were fully redeemed. Simultaneously, the Corporation issued the Multi-Family Housing Revenue Bonds, 2014 Series B-1 and 2014 Series B-2 (collectively, the "2014 Series B Bonds") to re-securitize the remaining underlining loan portfolio, which included the Sheridan Trust II Class B Certificate. At that time, the Sheridan Trust II had a balance of \$57,372,000. The Sheridan Trust II, along with the other remaining underlining loans under the 2006 Series A Bonds totaling \$246,698,000, were transferred to the 2014 Series B Bonds.

As of October 31, 2016, the balance in the Sheridan Trust II was \$35,433,000. This balance is included under "Loan Participation Receivable – The City of New York" which totaled to \$604,529,000 at October 31, 2016. This total balance represents the excess face amount of collateral over the related bonds. In each case, the "Loan Participation Receivable - The City of New York" are pledged to the associated bonds but revert to the City when such bonds are retired. (See Note 12: "Payable to The City of New York")

### **Note 7: Other Receivables**

Other Receivables of \$69,904,000 represent mortgage related fees, servicing fees receivable and Corporate Services Fund loans not secured by mortgages on the properties, bond interest receivable from HUD, interest and servicing fees receivable on Department of Housing Preservation and Development ("HPD") loans serviced (but not owned) by HDC, and 421-A grant funds due to be

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received from the Battery Park City Authority (“BPCA”).

On March 29, 2010, The City of New York entered into a grant agreement with BPCA whereby the City is to receive funds from BPCA that exceed BPCA’s operating expenses over the next seven years. This amount was anticipated to be \$400,000,000. The City designated HPD and the Corporation to each receive \$200,000,000 of these funds to further the purpose of creating additional affordable housing in New York City.

On April 20, 2011, the Corporation entered into a “421-A Fund Agreement” with the City which further details the roles and responsibilities of the Corporation and HPD related to the use and reporting of the BPCA funds. The funds are intended to be used by HDC and HPD to address the availability of affordable housing in the City with priority given to the fifteen sub-borough areas with the highest percentage of households below the poverty line according to the most recent United States census bureau data.

On May 14, 2015, the Corporation received the final installment of the contractual obligation to receive \$200 million from the BPCA in the amount of \$32,809,000. In addition, the Corporation also received \$9,900,000 from “Pay-as-You-Go” Capital Funds. HDC may continue to receive 421-A funds from BPCA under the “Pay-as-You-Go” Capital funds, but did not receive any such funds during fiscal year 2016. On October 31, 2016, the grant revenue receivable was \$37,190,000. The Corporation fully expects to receive this amount in fiscal year 2017.

#### **Note 8: Other Non Current Assets**

On June 27, 2011, a trust created by the City was dissolved and the Corporation and the City entered into the 2011 Participation Agreement. The trust when created consisted of a pledge of the income from Interest Reduction Payment Contracts (“Section 236 Contracts”) from HUD on 32 developments. Under the 2011 Participation Agreement, the Corporation holds a 100% participation interest in the second mortgages and related Section 236 Contracts on the remaining nine properties. The Corporation paid the City \$10,266,000 as the purchase price, which represents the discounted value of the future cash flows (monthly interest reduction payments). During fiscal year 2016, \$3,548,000 was amortized and was recorded as a non-operating expense. The unamortized value of the 2011 Participation Interest was \$5,571,000 at October 31, 2016.

#### **Note 9: Deferred Outflow of Resources**

The Corporation uses interest rate caps to mitigate its exposure to rising interest rates on its variable rate debt. On August 3, 2015, the Corporation purchased a new 5-year interest rate cap from Barclays Bank PLC in the amount of \$1,525,000 which covers \$150,000,000 of its portfolio of floating rate debt.

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At October 31, 2016, the values of all the interest rate caps were:

Bonds	Providers	Fair Value
2002 Series C	Barclays Bank	\$ 137,000
2008 Series K	Goldman Sachs	165,000
2014 Series B-2	PNC Bank	764,000
Total		\$ 1,066,000

On September 10, 2013, the 2005 Series A Capital Fund Program Revenue Bonds (NYCHA) were retired through an in-substance defeasance and the Corporation incurred a loss in the amount of \$8,958,000 which will be amortized over the shorter of the life of the old bonds or the new bonds. At October 31, 2016, the balance of the unamortized deferred loss on early retirement of debt was \$7,039,000.

In Fiscal Year 2014, the Corporation adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Statement requires that if a participating employee makes a contribution to the plan after the measurement date, the amount should be reported as a deferred outflow of resources. At October 31, 2016, the Corporation's pension contribution after the measurement date was \$790,000. In addition, as calculated by the New York City Office of the Actuary ("NYCOA"), the Corporation recorded Deferred Outflows of Resources in the amount of \$1,869,000. This amount represents the net difference between projected and actual investment earnings on pension plan investments. At October 31, 2016 the total amount of Deferred Outflows of Resources related to pensions was \$3,608,000.

On July 26, 2016, HDC entered into a forward interest rate swap with Wells Fargo for a project named 148<sup>th</sup> Street Jamaica relating to the project's variable rate mortgage loan in the amount of \$65,630,000. The swap will become effective on August 1, 2019 when it is expected that the project will be completed and rented. At that point, the construction loan will become a permanent loan to be insured by FHA under the risk sharing agreement of the Corporation. At that point, it is expected that HDC will sell a loan participation interest in the FHA insured loan to FFB. The swap protects the Corporation from interest rate increases that may occur during the construction period.

#### **Note 10: Bonds Payable and Debt Obligations**

The Corporation's authority to issue bonds and notes for any corporate purpose is limited by the Act to the extent that (i) the aggregate principal amount outstanding may not exceed \$11.25 billion, exclusive of refunding bonds or notes, and (ii) the maximum Capital Reserve Fund requirement may not exceed \$85 million. No bonds are currently subject to the Capital Reserve Fund requirement. These limits may be changed from time to time through State legislation. As of October 31, 2016, the limit on the aggregate principal amount outstanding remains unchanged at \$11.25 billion. Subsequently, this limit was increased to \$12.5 billion. (See Note 20: "Subsequent Events".)

# New York City Housing Development Corporation

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### Bond Programs

The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the bond programs described below. As of October 31, 2016, the Corporation had bonds outstanding in the aggregate principal amount of \$9,823,374,000. All of the bonds are separately secured, except for the bonds issued under the General Resolution which are equally and ratably secured by the assets pledged under the General Resolution (See “*C. Housing Revenue Bond Program*” below). None of the bonds under the bond programs described in “*A. Multi-Family Mortgage Revenue Bond Program*”, “*B. Military Housing Revenue Bond Program*”, “*D. Liberty Bond Program*”, “*E. Capital Fund Revenue Bond Program*” and, “*F. Multi-Family Housing Pass-Through Revenue Bond Program*” provide security under the General Resolution, and none of the bonds under these programs is secured by the General Resolution.

*A. Multi-Family Program.* The Corporation established its Multi-Family Program to develop privately-owned multi-family housing, all or a portion of which is reserved for low income tenants. The following describes the Corporation’s activities under its Multi-Family Program.

(1) Rental Projects; Fannie Mae or Freddie Mac Enhanced: The Corporation has issued tax-exempt and/or taxable bonds which either (i) are secured by mortgage loan payments, which payments are secured by obligations of Fannie Mae under various collateral agreements, (ii) are secured by a Direct Pay Credit Enhancement Instrument issued by Fannie Mae or (iii) are secured by a Direct Pay Credit Enhancement Agreement with Federal Home Loan Mortgage Corporation (“Freddie Mac”).

(2) Rental Projects; Letter of Credit Enhanced: The Corporation has issued tax-exempt and/or taxable bonds to finance a number of mixed income projects and entirely low income projects, which bonds are secured by letters of credit issued by investment-grade rated commercial lending institutions.

(3) Residential Housing; Credit Enhanced: The Corporation has issued bonds to provide financing for residential facilities for hospital staff and for post-secondary students, faculty and staff which bonds are secured by letters of credit issued by investment-grade rated institutions.

(4) Rental Projects; Not Rated: The Corporation has issued bonds and obligations to provide financing for rental projects, which bonds and obligations are not rated by a rating agency and were not publicly offered.

(5) Commercial Mortgage Backed Security Program: Under this program, the Corporation has issued bonds structured as commercial mortgage backed securities to refinance a multi-family housing development.

*B. Military Housing Revenue Bond Program.* Under this program, the Corporation has issued taxable obligations in order to fund a portion of the cost of the design, demolition, renovation, construction and operation of housing units in residential family housing areas located at Fort Hamilton.

*C. Housing Revenue Bond Program.* Under its Housing Revenue Bond Program, the Corporation may issue bonds payable solely from and secured by the assets held under its General Resolution which



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include a pool of mortgage loans, some of which are construction loans (which pool contains FHA-insured mortgage loans, REMIC-insured mortgage loans, State of New York Mortgage Agency (“SONYMA”) insured mortgage loans, GNMA mortgage-backed securities, other mortgage loans and participation interests in mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments.

*D. Liberty Bond Program.* In accordance with Section 301 of the Job Creation and Worker Assistance Act of 2002, the Corporation has issued tax-exempt and taxable bonds, each secured by a letter of credit to finance the development of multi-family housing within an area of lower Manhattan designated in such legislation as the “Liberty Zone”.

*E. Capital Fund Revenue Bond Program.* Under this program, the Corporation has issued tax-exempt obligations in order to assist the New York City Housing Authority with the execution of a multi-year construction initiative that addressed critical capital improvement needs of their aging housing portfolio.

*F. Pass-Through Revenue Bond Program.* Under this program, the Corporation has issued bonds to finance loans evidenced by a note and secured by a mortgage of privately owned multi-family housing. All repayments and prepayments derived from the associated mortgage loans, including a payment of insurance, if any, are passed through to the bondholder to redeem the bonds on a monthly basis.

### Changes in Bonds Payable:

The summary of changes in Bonds Payable was as follows:

Bonds Payable outstanding at October 31, 2015	\$10,101,344,000
Bonds Issued	1,203,864,000
Bond Principal Retired	(1,445,250,000)
Net Premium/Discount on Bond Payable	(2,822,000)
<u>Bond Payable outstanding at October 31, 2016</u>	<u>\$ 9,857,136,000</u>

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Details of changes in HDC bonds payable for the year ended October 31, 2016 were as follows:

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2016)</i>	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<b><u>MULTI-FAMILY MORTGAGE REVENUE BOND PROGRAM:</u></b>					
<i>Multi-Family Rental Housing Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>					
1997 Series A (AMT) Related-Tribeca Tower Project –0.01% to 0.32% Variable Rate Bonds due upon demand through 2019.....	\$ 55,000	\$ —	\$ (55,000)	—	\$ —
1998 Series A (AMT) 100 Jane Street Development – 0.01% to 0.45% Variable Rate Bonds due upon demand through 2028...	15,350	—	(15,350)	—	—
1998 Series A (AMT) One Columbus Place Project –0.01% to 0.43% Variable Rate Bonds due upon demand through 2028.....	142,300	—	(142,300)	—	—
1999 Series A (AMT) Brittany Development Project – 0.01% to 0.83% Variable Rate Bonds due upon demand through 2029.....	54,800	—	(1,700)	53,100	—
2000 Series A (AMT) Related West 89 <sup>th</sup> Street Development – 0.01% to 0.93% Variable Rate Bonds due upon demand through 2029.....	53,000	—	—	53,000	—
2001 Series A Queenswood Refunding – 0.01% to 0.82% Variable Rate Bonds due upon demand through 2031.....	10,800	—	—	10,800	—
2001 Series A (AMT) Related Lyric Development –0.01% to 0.83% Variable Rate Bonds due upon demand through 2031.....	85,000	—	—	85,000	—
2001 Series B (Federally Taxable) Related Lyric Development – 0.10% to 0.75% Variable Rate Bonds due upon demand through 2031.....	4,000	—	—	4,000	—
2002 Series A James Tower Development – 0.01% to 0.02% Variable Rate Bonds due upon demand through 2032.....	18,670	—	(18,670)	—	—

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Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2002 Series A (AMT) The Foundry – 0.01% to 0.83% Variable Rate Bonds due upon demand through 2032.....	55,100	—	—	55,100	—
2003 Series A (AMT) Related-Sierra Development –0.01% to 0.83% Variable Rate Bonds due upon demand through 2033.....	56,000	—	—	56,000	—
2004 Series A (AMT) Related-Westport Development – 0.01% to 0.83% Variable Rate Bonds due upon demand through 2034...	110,000	—	—	110,000	—
2004 Series B (Federally Taxable) Related – Westport Development—0.10% to 0.75% Variable Rate Bonds due upon demand through 2034.....	13,200	—	(700)	12,500	—
2005 Series A Royal Charter Properties – 0.01% to 0.82% Variable Rate Bonds due upon demand through 2035.....	89,200	—	—	89,200	—
2005 Series A (AMT) Atlantic Court Apartments – 0.01% to 0.83% Variable Rate Bonds due upon demand through 2035.....	83,700	—	—	83,700	—
2005 Series B (Federally Taxable) Atlantic Court Apartments – 0.09% to 0.75% Variable Rate Bonds due upon demand through 2035...	11,600	—	(1,500)	10,100	—
2005 Series A (AMT) The Nicole Development –0.01% to 0.83% Variable Rate Bonds due upon demand through 2035.....	54,600	—	—	54,600	—
2005 Series B (Federally Taxable) The Nicole Development – 0.09% to 0.75% Variable Rate Bonds due upon demand through 2035.....	4,800	—	(1,100)	3,700	—
2005 Series B (AMT) Progress of People Development – 3.50% to 4.95% Term Bonds maturing in varying installments through 2036.....	46,810	—	(1,175)	45,635	1,250
2006 Series A (AMT) Rivereast Apartments – 0.02% to 0.89% Variable Rate Bonds due upon demand through 2036.....	50,000	—	—	50,000	—

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Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2006 Series B (Federally Taxable) Rivereast Apartments – 0.15% to 0.84% Variable Rate Bonds due upon demand through 2036.....	2,600	—	(700)	1,900	—
2006 Series A (AMT) Seaview Towers – 3.70% to 4.75% Serial & Term Bonds maturing in varying installments through 2039.....	18,060	—	(1,220)	16,840	1,290
2007 Series A (AMT) Ocean Gate Development – 0.01% to 0.89% Variable Rate Bonds due upon demand through 2040..	8,445	—	—	8,445	—
2007 Series B (AMT) Ocean Gate Development – 4.80% to 5.35% Term Bonds maturing in varying installments through 2025.....	10,790	—	(810)	9,980	860
2007 Series A (AMT) 155 West 21 <sup>st</sup> Street Apartments – 0.01% to 0.93% Variable Rate Bonds due upon demand through 2037 .....	37,900	—	—	37,900	—
2007 Series B (Federally Taxable) 155 West 21 <sup>st</sup> Street Apartments – 0.09% to 0.80% Variable Rate Bonds due upon demand through 2037.....	11,300	—	(700)	10,600	—
2008 Series A (AMT) Linden Plaza – 0.01% to 0.89% Variable Rate Bonds due upon demand through 2043.....	63,635	—	(1,705)	61,930	1,795
2009 Series A Gateways Apartments – 2.65% to 4.5% Term Bonds due upon demand through 2025.....	20,885	—	(270)	20,615	285
2009 Series A The Balton – 0.01% to 0.91% Variable Rate Bonds due upon demand through 2049.....	29,750	—	—	29,750	—
2009 Series A Lexington Courts – 0.01% to 0.88% Variable Rate Bonds due upon demand through 2039.....	20,900	—	(1,200)	19,700	—
2012 Series A 1133 Manhattan Avenue Development – 0.01% to 0.91% Variable Rate Bonds due upon demand through 2046..	46,000	—	(100)	45,900	—

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Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2014 Series A-1 NYCHA Triborough Preservation Development – 0.55% to 3.95% Fixed Rate Serial and Term Bonds due 2044..	230,000	—	—	230,000	2,860
2014 Series A-2 (Federally Taxable) NYCHA Triborough Preservation Development – 0.30% to 1.07% Fixed Rate Serial Bonds due 2016.....	3,720	—	(3,265)	455	455
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Fannie Mae or Freddie Mac Enhanced</i>					
2001 Series A (AMT) West 48th Street – 0.01% to 0.83% Variable Rate Bonds due upon demand through 2034.....	20,000	—	—	20,000	—
2002 Series A (AMT) First Avenue Development – 0.01% to 0.45% Variable Rate Bonds due upon demand through 2035..	44,000	—	(44,000)	—	—
2004 Series A (AMT) Aldus Street Apartments – 0.02% to 0.89% Variable Rate Bonds due upon demand through 2037.....	8,100	—	—	8,100	—
2004 Series A (AMT) 941 Hoe Avenue Apartments –0.02% to 0.89% Variable Rate Bonds due upon demand through 2037.....	6,660	—	—	6,660	—
2004 Series A (AMT) Peter Cintron Apartments —0.02% to 0.89% Variable Rate Bonds due upon demand through 2037.....	7,840	—	—	7,840	—
2004 Series A (AMT) State Renaissance Court—0.02% to 0.89% Variable Rate Bonds due upon demand through 2037.....	35,200	—	—	35,200	—
2004 Series A (AMT) Louis Nine Boulevard Apartments —0.01% to 0.93% Variable Rate Bonds due upon demand through 2037.....	7,300	—	—	7,300	—
2004 Series A (AMT) Courtlandt Avenue Apartments —0.01% to 0.93% Variable Rate Bonds due upon demand through 2037.....	7,905	—	—	7,905	—
2004 Series A (AMT) Ogden Avenue Apartments —0.02% to 0.89% Variable Rate Bonds due upon demand through 2038.....	4,760	—	—	4,760	—

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Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2004 Series A (AMT) Nagle Courtyard Apartments —0.02% to 0.89% Variable Rate Bonds due upon demand through 2038.....	4,200	—	—	4,200	—
2005 Series A (AMT) Morris Avenue Apartments —0.02% to 0.89% Variable Rate Bonds due upon demand through 2038.....	14,700	—	—	14,700	—
2005 Series A (AMT) Vyse Avenue Apartments —0.02% to 0.89% Variable Rate Bonds due upon demand through 2038.....	4,335	—	—	4,335	—
2005 Series A (AMT) 33 West Tremont Avenue Apartments —0.02% to 0.89% Variable Rate Bonds due upon demand through 2038.....	3,490	—	—	3,490	—
2005 Series A (AMT) Ogden Avenue Apartments II — 0.01% to 0.83% Variable Rate Bonds due upon demand through 2038...	2,500	—	—	2,500	—
2005 Series A (AMT) White Plains Courtyard Apartments — 0.01% to 0.83% Variable Rate Bonds due upon demand through 2038.....	4,900	—	—	4,900	—
2005 Series A (AMT) Highbridge Apartments — 0.02% to 0.89% Variable Rate Bonds due upon demand through 2039...	13,600	—	—	13,600	—
2005 Series A (AMT) 89 Murray Street Development — 0.01% to 0.83% Variable Rate Bonds due upon demand through 2039...	49,800	—	—	49,800	—
2005 Series A (AMT) 270 East Burnside Avenue Apartments — 0.01% to 0.93% Variable Rate Bonds due upon demand through 2039.....	6,400	—	—	6,400	—
2006 Series A (AMT) Reverand Ruben Diaz Gardens Apartments — 0.02% to 0.89% Variable Rate Bonds due upon demand through 2038.....	6,400	—	—	6,400	—
2006 Series A (AMT) Villa Avenue Apartments — 0.02% to 0.89% Variable Rate Bonds due upon demand through 2039...	5,990	—	—	5,990	—

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Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2006 Series A (AMT) Bathgate Avenue Apartments — 0.02% to 0.89% Variable Rate Bonds due upon demand through 2039...	4,435	—	—	4,435	—
2006 Series A (AMT) Spring Creek Apartments I & II — 0.01% to 0.83% Variable Rate Bonds due upon demand through 2039.....	24,000	—	—	24,000	—
2006 Series A (AMT) Linden Boulevard Apartments – 3.90% to 4.75% Serial and Term Bonds maturing in varying installments through 2039.....	12,705	—	(390)	12,315	280
2006 Series A (AMT) Markham Garden Apartments — 0.01% to 0.83% Variable Rate Bonds due upon demand through 2040.....	16,000	—	—	16,000	—
2008 Series A 245 East 124 <sup>th</sup> Street – 0.01% to 0.88% Variable Rate Bonds due upon demand through 2046.....	35,400	—	—	35,400	—
2008 Series A Bruckner by the Bridge – 0.01% to 0.88% Variable Rate Bonds due upon demand through 2048.....	36,800	—	—	36,800	—
2008 Series A Hewitt House Apartments — 0.01% to 0.91% Variable Rate Bonds due upon demand through 2048.....	4,100	—	—	4,100	—
2010 Series A Eliot Chelsea Development — 0.01% to 0.89% Variable Rate Bonds due upon demand through 2043.....	40,750	—	—	40,750	—
2011 Series A (AMT) West 26 <sup>th</sup> Street Development – 0.01% to 0.92% Variable Rate Bonds due upon demand through 2041..	28,700	—	—	28,700	—
2011 Series B West 26 <sup>th</sup> Street Development – 0.01% to 0.90% Variable Rate Bonds due upon demand through 2045.....	8,470	—	—	8,470	—
2012 Series A West 26 <sup>th</sup> Street Development – 0.01% to 0.90% Variable Rate Bonds due upon demand through 2045.....	41,530	—	—	41,530	—

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Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
<i>Multi-Family Mortgage Revenue Bonds – Rental Projects; Letter of Credit Enhanced</i>					
2003 Series A (AMT) Related-Upper East — 0.02% to 0.93% Variable Rate Bonds due upon demand through 2036.....	67,000	—	—	67,000	—
2003 Series B (Federally Taxable) Related- Upper East—0.15% to 0.85% Variable Rate Bonds due upon demand through 2036.....	3,000	—	—	3,000	—
2004 Series A (AMT) Manhattan Court Development— 0.03% to 0.90% Variable Rate Bonds due upon demand through 2036...	17,500	—	—	17,500	—
2004 Series A (AMT) East 165 <sup>th</sup> Street Development — 0.03% to 0.90% Variable Rate Bonds due upon demand through 2036...	7,665	—	—	7,665	—
2004 Series A (AMT) Parkview Apartments —0.03% to 0.93% Variable Rate Bonds due upon demand through 2036.....	5,935	—	—	5,935	—
2004 Series A Marseilles Apartments — 0.01% to 0.01% Variable Rate Bonds due upon demand through 2034.....	11,125	—	(11,125)	—	—
2005 Series A (AMT) 2007 LaFontaine Avenue Apartments —0.04% to 0.90% Variable Rate Bonds due upon demand through 2037.....	3,825	—	—	3,825	—
2005 Series A (AMT) La Casa del Sol Apartments —0.02% to 0.87% Variable Rate Bonds due upon demand through 2037.....	4,550	—	(100)	4,450	—
2005 Series A (AMT) 15 East Clarke Place Apartments —0.01% to 0.93% Variable Rate Bonds due upon demand through 2037.....	5,430	—	—	5,430	—
2005 Series A (AMT) Urban Horizons II Development — 0.02% to 0.87% Variable Rate Bonds due upon demand through 2038...	5,365	—	(100)	5,265	—
2005 Series A (AMT) 1090 Franklin Avenue Apartments — 0.02% to 0.87% Variable Rate Bonds due upon demand through 2037.....	2,320	—	—	2,320	—



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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2005 Series A (AMT) Parkview II Apartments —0.02% to 0.87% Variable Rate Bonds due upon demand through 2037.....	4,255	—	—	4,255	—
2005 Series A (AMT) Grace Towers Development —0.02% to 0.87% Variable Rate Bonds due upon demand through 2037...	10,000	—	(10,000)	—	—
2006 Series A (AMT) Granville Payne Apartments —0.03% to 0.90% Variable Rate Bonds due upon demand through 2039.....	5,560	—	—	5,560	—
2006 Series A (AMT) Target V Apartments — 0.02% to 0.46% Variable Rate Bonds due upon demand through 2038.....	6,400	—	(6,400)	—	—
2006 Series A (AMT) Beacon Mews Development —0.01% to 0.93% Variable Rate Bonds due upon demand through 2039...	23,500	—	—	23,500	—
2006 Series A (AMT) Granite Terrace Apartments – 0.03% to 0.90% Variable Rate Bonds due upon demand through 2038.....	4,060	—	—	4,060	—
2006 Series A (AMT) Intervale Gardens Apartments – 0.03% to 0.90% Variable Rate Bonds due upon demand through 2038.....	3,115	—	—	3,115	—
2006 Series A (AMT) 500 East 165 <sup>th</sup> Street Apartments – 0.02% to 0.87% Variable Rate Bonds due upon demand through 2039.....	7,255	—	—	7,255	—
2006 Series A (AMT) 1405 Fifth Avenue Apartments – 0.03% to 0.90% Variable Rate Bonds due upon demand through 2039.....	14,190	—	—	14,190	—
2007 Series A (AMT) 550 East 170 <sup>th</sup> Street Apartments – 0.03% to 0.90% Variable Rate Bonds due upon demand through 2042.....	5,500	—	—	5,500	—
2007 Series A (AMT) Susan’s Court – 0.02% to 0.87% Variable Rate Bonds due upon demand through 2039.....	24,000	—	—	24,000	—
2007 Series A (AMT) The Dorado Apartments – 0.02% to 0.87% Variable Rate Bonds due upon demand through 2040.....	3,470	—	—	3,470	—

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2007 Series A (AMT) The Plaza – 0.03% to 0.49% Variable Rate Bonds due upon demand through 2039.....	11,100	—	(11,100)	—	—
2007 Series A (AMT) Boricua Village Apartments Site A-2 – 0.03% to 0.94% Variable Rate Bonds due upon demand through 2042.....	4,250	—	—	4,250	—
2007 Series A (AMT) Boricua Village Apartments Site C – 0.03% to 0.94% Variable Rate Bonds due upon demand through 2042.....	6,665	—	—	6,665	—
2007 Series A (AMT) Cook Street Apartments – 0.02% to 0.88% Variable Rate Bonds due upon demand through 2040.....	4,380	—	(100)	4,280	—
2008 Series A (AMT) Las Casas Development –0.05% to 0.90% Variable Rate Bonds due upon demand through 2040.....	19,200	—	—	19,200	—
2008 Series A Sons of Italy Apartments — 0.01% to 0.48% Variable Rate Bonds due upon demand through 2048.....	7,570	—	(7,570)	—	—
2010 Series A 101 Avenue D Apartments — 2.08% to 2.32% Variable Rate Bonds due upon demand through 2043.....	25,000	—	(2,300)	22,700	—
2013 Series A 50 <sup>th</sup> Avenue Development — 0.02% to 0.02% Variable Rate Bonds due upon demand through 2048.....	62,250	—	(62,250)	—	—
2013 Series B 50 <sup>th</sup> Avenue Development — 0.01% to 0.01% Variable Rate Bonds due upon demand through 2048.....	74,710	—	(74,710)	—	—
2014 Series A 50 <sup>th</sup> Avenue Development — 0.02% to 0.02% Variable Rate Bonds due upon demand through 2045.....	26,265	—	(26,265)	—	—
<i>Residential Revenue Bonds – Residential Housing; Letter of Credit Enhanced</i>					
1993 Series A Montefiore Medical Center— 0.01% to 0.88% Variable Rate Term Bonds maturing in varying installments through 2030.....	6,200	—	(300)	5,900	300

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2012 Series A College of Staten Island Residences — 2.00% to 4.15% Fixed Rate Serial and Term Bonds due 2046.....	65,800	—	—	65,800	675
2012 Series B College of Staten Island Residences (Federally Taxable) — 1.39% to 2.44% Fixed Rate Serial Bonds due 2017...	845	—	(750)	95	95
<i>Multi-Family Mortgage Revenue Bonds</i>					
<i>Rental Projects; Not Rated</i>					
2007 Series A Queens Family Courthouse Apartments – 5.41% Term Bonds due upon demand through 2047.....	40,000	—	—	40,000	—
2013 Series A Borden Avenue Development – 2.21% to 2.21% Variable Rate Bonds due upon demand through 2048.....	8,414	5,461	(13,875)	—	—
2013 Series B Borden Avenue Development - 2.21% to 2.21% Variable Rate Bonds due upon demand through 2044.....	13,875	—	(13,875)	—	—
2013 Series C Borden Avenue Development – 2.21% to 2.21% Variable Rate Bonds due upon demand through 2048.....	37,290	—	(37,290)	—	—
2013 Series A 250 Ashland Development – 1.96% to 2.82% Variable Rate Bonds due upon demand through 2022.....	33,000	—	—	33,000	—
2013 Series A City Point-Tower One – 1.26% to 2.12% Variable Rate Bonds due upon demand through 2046.....	49,330	—	—	49,330	—
2014 Series A City Point-Tower One – 1.26% to 2.12% Variable Rate Bonds due upon demand through 2044.....	12,670	—	—	12,670	—
2014 Series A Borden Avenue Development –2.21% to 2.21% Variable Rate Bonds due upon demand through 2016.....	7,750	—	(7,750)	—	—
2016 Series A 148 <sup>th</sup> Street Jamaica –2.48% to 2.53% Variable Rate Bonds due upon demand through 2056.....	—	1,478	—	1,478	—

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Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2016 Series A (Federally Taxable) Queens Family Courthouse Apartments – 5.97% Term Bonds due upon demand through 2047	—	15,000	—	15,000	—
<i>Multi-Family Commercial Mortgage Backed Securities</i>					
2014 Series A, B and C - 8 Spruce Street (Federally Taxable) –3.71% to 3.93% Fixed Rate Term Bonds due 2048.....	346,100	—	—	346,100	—
Total Multi-Family Mortgage Revenue Bonds	3,136,569	21,939	(577,715)	2,580,793	10,145
<b><u>MILITARY HOUSING REVENUE BOND PROGRAM:</u></b>					
2004 Series A (Federally Taxable) Class I & II Fort Hamilton Housing LLC Project— 5.60% to 6.72% Term Bonds maturing in varying installments through 2049.....	45,245	—	(395)	44,850	415
Total Military Housing Revenue Bond Program	45,245	—	(395)	44,850	415
<b><u>HOUSING REVENUE BOND PROGRAM:</u></b>					
<i>Multi-Family Housing Revenue Bonds Under the Corporation’s General Resolution, assets pledged to bondholders include a pool of mortgage loans.</i>					
1998 Series A (Federally Taxable — 6.84% Term Bonds maturing in varying installments through 2030.....	100	—	—	100	—
1998 Series B — 3.75% to 5.25% Serial and Term Bonds maturing in varying installments through 2031.....	100	—	—	100	—
1999 Series A-1 (Federally Taxable) — 5.83% to 6.06% Term Bonds maturing in varying installments through 2022 .....	8,285	—	(1,000)	7,285	1,000
1999 Series C (AMT) — 4.40% to 5.70% Serial and Term Bonds maturing in varying installments through 2031.....	115	—	—	115	—

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Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
1999 Series E — 4.40% to 6.25% Serial and Term Bonds maturing in varying installments through 2036.....	100	—	—	100	—
2002 Series A (AMT) — 2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2034.....	100	—	(100)	—	—
2002 Series B (AMT) — 2.20% to 5.50% Serial and Term Bonds maturing in varying installments through 2032.....	100	—	(100)	—	—
2002 Series C (Federally Taxable) — 0.46% to 0.73% Variable Rate Term Bonds maturing in varying installments through 2034.....	41,610	—	(1,060)	40,550	1,440
2003 Series B-2 (AMT) — 2.00% to 4.60% Serial and Term bonds maturing in varying installments through 2036.....	100	—	—	100	—
2003 Series E-2 (AMT) — 2.25% to 5.05% Serial and Term Bonds maturing in varying installments through 2036.....	100	—	—	100	—
2005 Series E (AMT) — 2.90% to 4.75% Serial and Term Bonds maturing in varying installments through 2035.....	2,145	—	(2,145)	—	—
2005 Series F-1 — 4.65% and 4.75% Term Bonds maturing in 2025 and 2035, respectively.....	54,405	—	(54,405)	—	—
2005 Series F-2 (Federally Taxable) — 4.66% and 5.43% Term Bonds maturing in 2010 and 2017, respectively.....	11,250	—	(11,250)	—	—
2005 Series G — 3.35% to 4.35% Serial and Term Bonds maturing in varying installments through 2018.....	1,645	—	(1,645)	—	—
2005 Series J-1— 4.65% to 4.85% Term Bonds maturing in 2036.....	20,495	—	(20,495)	—	—
2005 Series K (AMT) — 3.60% to 5.00% Serial and Term Bonds maturing in 2037.....	11,305	—	(11,305)	—	—
2005 Series L (AMT) — 3.85% to 5.05% Serial and Term Bonds maturing in 2039.....	11,630	—	(11,630)	—	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2016)</i>	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
2006 Series B (AMT) — 5.35% Term Bonds due on demand through 2049.....	28,735	—	(695)	28,040	735
2006 Series C (AMT) — 4.05% to 5.13% Serial and Term Bonds maturing in varying installments through 2040.....	35,750	—	(35,750)	—	—
2006 Series D-1 — 4.95% Term Bonds maturing in 2036.....	2,510	—	(2,510)	—	—
2006 Series G-1 (AMT) — 3.80% to 4.88% Serial and Term Bonds maturing in 2039.....	23,180	—	(480)	22,700	22,700
2006 Series H-1 (AMT) — 3.85% to 4.70% Serial and Term Bonds maturing in 2040.....	23,270	—	(480)	22,790	22,790
2006 Series I (Federally Taxable) — 5.33% to 5.96% Term Bonds maturing in varying installments through 2040.....	6,270	—	(110)	6,160	6,160
2006 Series J-1— 0.97% to 1.22% Index Floating Rate Term Bonds due 2046.....	100,000	—	—	100,000	—
2006 Series J-2-A (AMT) — 3.95% to 4.85% Serial and Term Bonds maturing in varying installments through 2040.....	10,160	—	(205)	9,955	210
2006 Series J-2-C (AMT) – 4.40% to 5.20% Serial and Terms Bonds maturing in varying installments through 2040.....	16,715	—	(335)	16,380	355
2007 Series A (Federally Taxable) – 5.26% to 5.52% Term Bonds maturing in 2041.....	24,320	—	(395)	23,925	420
2007 Series B-1 (AMT) – 4.40% to 5.25% Serial and Term Bonds maturing in varying installments through 2045 .....	32,465	—	(615)	31,850	635
2007 Series C (Federally Taxable) – 6.02% to 6.56% Term Bonds maturing in 2040.....	5,060	—	(85)	4,975	90
2007 Series D (Federally Taxable) –5.95% Terms Bonds maturing in 2039.....	25,880	—	(490)	25,390	515
2007 Series E-1 (AMT) – 3.90% to 5.45% Serial and Term Bonds maturing in varying installments through 2040.....	22,530	—	(420)	22,110	440

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2008 Series A-1-A (AMT) — 5.00% to 5.45% Fixed Rate Term Bonds due 2046.....	15,665	—	—	15,665	—
2008 A-2 (AMT) – 4.35% to 5.00% Fixed Rate Serial Bonds maturing in varying installments through 2018.....	2,575	—	(585)	1,990	620
2008 Series C-2 (Federally Taxable) – 3.55% to 5.69% Serial & Term Bonds maturing in varying installments through 2018.....	3,195	—	(895)	2,300	955
2008 Series E (Federally Taxable) – 0.46% to 0.73% Index Floating Rate Terms Bonds maturing in 2037.....	91,775	—	(1,650)	90,125	2,720
2008 Series F (Federally Taxable) – 0.46% to 0.73% Index Floating Rate Term Bonds maturing in 2041.....	75,085	—	(1,075)	74,010	1,755
2008 Series H-1 (AMT) – 4.50% to 5.50% Serial and Term Bonds maturing in varying installments through 2028.....	7,375	—	(370)	7,005	390
2008 Series H-2-A (AMT) — 5.00% to 5.35% Fixed Rate Term Bonds due 2041.....	14,540	—	—	14,540	—
2008 Series J (Federally Taxable) —0.94% to 1.37% Index Floating Rate Term Bonds due 2043.....	33,880	—	(165)	33,715	285
2008 Series K (Federally Taxable) — 0.94% to 1.37% Index Floating Rate Term Bonds due 2043.....	92,065	—	(2,500)	89,565	3,875
2008 Series L— 2.25% to 6.50% Fixed Rate Serial and Term Bonds due 2028.....	3,860	—	(300)	3,560	310
2008 Series M— 3.15% to 6.88% Fixed Rate Serial and Term Bonds due 2038.....	28,040	—	(700)	27,340	735
2009 Series A— 2.00% to 4.20% Term Bonds maturing in varying installments through 2019.....	2,450	—	(510)	1,940	525
2009 Series C-1— 2.50% to 5.70% Serial and Term Bonds due 2046.....	110,285	—	(1,550)	108,735	1,620

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2009 Series F— 1.95% to 4.85% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041.....	5,620	—	(100)	5,520	110
2009 Series I-1 (Federally Taxable) — 5.63% to 6.42% Fixed Rate Term Bonds maturing in varying installments through 2039.....	50,000	—	—	50,000	—
2009 Series I-2 (Federally Taxable) — 0.81% to 1.24% Index Floating Rate Term Bonds due 2039.....	25,000	—	—	25,000	—
2009 Series J — 0.70% to 4.80% Fixed Rate Serial and Term Bonds maturing in varying installments through 2036.....	21,515	—	(870)	20,645	890
2009 Series K — 1.95% to 4.95% Fixed Rate Serial and Term Bonds due 2039.....	71,730	—	(1,350)	70,380	1,400
2009 Series L-1 — 1.65% to 4.95% Fixed Rate Serial and Term Bonds due 2043.....	23,055	—	(370)	22,685	390
2009 Series M — 1.85% to 5.15% Fixed Rate Serial and Term Bonds due 2045.....	30,555	—	(160)	30,395	180
2010 Series A-1 — 3.35% to 4.90% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041.....	25,325	—	—	25,325	—
2010 Series A-2 (Federally Taxable) — 3.67% to 4.97% Fixed Rate Term Bonds maturing in varying installments through 2019.....	2,255	—	(525)	1,730	550
2010 Series C — 1.50% to 4.95% Fixed Rate Serial and Term Bonds due 2047.....	14,315	—	(200)	14,115	205
2010 Series D-1-A — 1.60% to 5.00% Fixed Rate Serial and Term Bonds due 2042.....	31,430	—	(555)	30,875	575
2010 Series E — 0.80% to 3.85% Fixed Rate Serial and Term Bonds due 2019.....	3,700	—	(765)	2,935	795
2010 Series F — 1.70% to 4.75% Fixed Rate Serial and Term Bonds due 2030.....	3,730	—	(200)	3,530	200
2010 Series G — 0.40% to 4.75% Fixed Rate Serial and Term Bonds maturing in varying installments through 2041.....	40,900	—	(2,305)	38,595	2,360



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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2010 Series H (Federally Taxable) — 0.87% to 1.30% Variable Rate Term Bonds due 2040.....	61,240	—	(3,075)	58,165	4,805
2010 Series J-1— 0.75% to 5.00% Fixed Rate Serial Bonds due 2022.....	16,045	—	(1,875)	14,170	1,940
2010 Series K-1— 2.05% to 5.25% Fixed Rate Serial and Term Bonds due 2032.....	4,985	—	(135)	4,850	140
2010 Series L-1 — 2.35% to 5.00% Fixed Rate Serial and Term Bonds due 2026.....	12,620	—	(845)	11,775	875
2010 Series N— 0.60% to 4.25% Fixed Rate Serial Bonds due 2021.....	3,365	—	(590)	2,775	600
2011 Series B-1— 0.50% to 3.65% Fixed Rate Serial and Term Bonds due 2018.....	2,075	—	(560)	1,515	590
2011 Series C — 2.25% to 4.50% Fixed Rate Serial and Term Bonds due 2022.....	1,880	—	(225)	1,655	230
2011 Series D — 0.28% to 3.37% Fixed Rate Serial and Term Bonds due 2020.....	3,285	—	(555)	2,730	575
2011 Series E — 1.40% to 4.93% Fixed Rate Serial and Term Bonds due 2036.....	16,675	—	(460)	16,215	530
2011 Series F-1 (Federally Taxable) — 0.29% to 3.47% Fixed Rate Serial Bonds due 2018.....	15,535	—	(4,235)	11,300	4,355
2011 Series F-2 (Federally Taxable) — 0.81% to 1.24% Index Floating Rate Term Bonds due 2040.....	56,460	—	—	56,460	—
2011 Series F-3 (Federally Taxable) — 0.81% to 1.24% Index Floating Rate Term Bonds due 2040.....	12,540	—	—	12,540	—
2011 Series G-2-A — 0.35% to 3.10% Fixed Rate Serial and Term Bonds due 2021.....	22,025	—	(3,015)	19,010	2,975
2011 Series G-2-B — 1.39% Fixed Rate Term Bonds due 2017.....	3,075	—	(1,520)	1,555	1,555
2011 Series H-2-A — 1.10% to 4.40% Fixed Rate Serial and Term Bonds due 2031.....	21,845	—	(1,165)	20,680	1,200

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<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2011 Series H-2-B — 4.00% to 4.40% Fixed Rate Term Bonds due 2031.....	15,970	—	—	15,970	—
2011 Series H-3-B — 2.51% Fixed Rate Term Bonds due 2022.....	10,105	—	(1,225)	8,880	1,255
2011 Series J-1 — 4.00% to 4.80% Fixed Rate Term Bonds due 2044.....	38,345	—	—	38,345	—
2011 Series J-2 — 1.55% to 2.55% Fixed Rate Term Bonds due 2022.....	6,460	—	(755)	5,705	790
2011 Series J-3 — 1.65% Fixed Rate Term Bonds due 2015.....	2,940	—	(2,940)	—	—
2012 Series B (Federally Taxable) — 0.66% to 3.93% Fixed Rate Serial Bonds due 2025...	34,445	—	(2,900)	31,545	2,950
2012 Series D-1-A — 0.80% to 4.30% Fixed Rate Serial and Term Bonds due 2045.....	48,680	—	(215)	48,465	250
2012 Series D-1-B — 0.35% to 4.30% Fixed Rate Serial and Term Bonds due 2045.....	82,965	—	(2,255)	80,710	2,280
2012 Series D-2-A — 0.90% to 1.15% Fixed Rate Term Bonds due 2015.....	18,325	—	(18,325)	—	—
2012 Series D-2-B — 0.90% to 1.15% Fixed Rate Term Bonds due 2015.....	1,180	—	(1,180)	—	—
2012 Series D-2-C — 0.90% to 1.15% Fixed Rate Term bonds due 2015.....	11,270	—	(11,270)	—	—
2012 Series E (Federally Taxable) — 0.34% to 4.40% Fixed Rate Serial and Term Bonds due 2032.....	65,070	—	(3,020)	62,050	3,060
2012 Series F — 0.80% to 3.90% Fixed Rate Serial and Term Bonds due 2045.....	58,630	—	(19,720)	38,910	800
2012 Series G — 0.95% to 3.90% Fixed Rate Serial and Term Bonds due 2045.....	31,960	—	(180)	31,780	670
2012 Series H — 0.25% to 1.60% Fixed Rate Serial Bonds due 2018.....	6,325	—	(2,620)	3,705	1,935
2012 Series I (Federally Taxable) — 0.40% to 4.49% Fixed Rate Serial and Term Bonds due 2044.....	73,680	—	(8,255)	65,425	6,460

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2012 Series K-1-A — 0.45% to 4.00% Fixed Rate Serial and Term Bonds due 2045.....	146,500	—	(52,515)	93,985	1,885
2012 Series K-1-B — 0.80% Fixed Rate Term Bonds due 2015.....	12,855	—	(12,855)	—	—
2012 Series K-2 — 0.02% to 0.42% Variable Rate Term Bonds due 2016.....	20,765	—	(20,765)	—	—
2012 Series L-1— 1.80% to 3.90% Fixed Rate Serial and Term Bonds due 2042.....	12,390	—	—	12,390	—
2012 Series L-2-A — 0.30% to 4.00% Fixed Rate Serial and Term Bonds due 2044.....	101,720	—	(490)	101,230	520
2012 Series L-2-B (AMT) — 2.30% to 3.60% Fixed Rate Serial and Term Bonds due 2026.....	2,060	—	—	2,060	—
2012 Series M-1-A — 1.15% Fixed Rate Term Bonds due 2017.....	19,830	—	(19,830)	—	—
2012 Series M-1-B — 1.15% Fixed Rate Term Bonds due 2017.....	4,000	—	(4,000)	—	—
2012 Series M-2 — 1.10% to 4.00% Fixed Rate Serial and Term Bonds due 2047.....	9,745	—	—	9,745	90
2012 Series M-3 — 1.40% to 4.65% Fixed Rate Serial and Term Bonds due 2047.....	10,525	—	—	10,525	100
2013 Series A-1— 0.35% to 5.20% Fixed Rate Serial and Term Bonds due 2045.....	34,090	—	(34,090)	—	—
2013 Series B-1-A — 1.10% to 4.60% Fixed Rate Term Bonds due 2045.....	121,920	—	(34,000)	87,920	13,770
2013 Series B-1-B — 0.35% to 4.60% Fixed Rate Serial and Term Bonds due 2045.....	63,660	—	(10,435)	53,225	4,585
2013 Series B-1-C — 1.10% Fixed Rate Term Bonds due 2016.....	1,125	—	(1,125)	—	—
2013 Series B-2 — 0.02% to 0.83% Variable Rate Term Bonds due 2018.....	7,500	—	—	7,500	—
2013 Series B-3 — 0.02% to 0.42% Variable Rate Term Bonds due 2018.....	24,000	—	(24,000)	—	—

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2016**

Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2013 Series B-4 — 0.02% to 0.83% Variable Rate Term Bonds due 2018.....	17,610	—	—	17,610	—
2013 Series D-1 (Federally Taxable) – 0.70% to 3.78% Fixed Rate Serial and Term Bonds due 2028.....	38,300	—	(2,380)	35,920	2,420
2013 Series D-2 (Federally Taxable) – 0.98% to 1.41% Index Floating Rate Term Bonds due 2038.....	55,000	—	—	55,000	—
2013 Series E-1-A – 0.25% to 4.90% Fixed Rate Serial and Term Bonds due 2038.....	111,800	—	(14,915)	96,885	10,165
2013 Series E-1-B – 0.75% to 4.95% Fixed Rate Term Bonds due 2043.....	45,060	—	(15,500)	29,560	—
2013 Series E-1-C – 0.75% to 4.95% Fixed Rate Term Bonds due 2046.....	78,025	—	(10,275)	67,750	7,000
2013 Series E-2 – 0.01% to 0.88% Variable Rate Term Bonds due 2018.....	32,670	—	—	32,670	—
2013 Series E-3 – 0.01% to 0.88% Variable Rate Term Bonds due 2018.....	19,520	—	—	19,520	—
2013 Series F-1 – 1.25% to 4.50% Fixed Rate Serial and Term Bonds due 2047.....	29,080	—	—	29,080	—
2013 Series F-2 – 1.25% Fixed Rate Term Bonds due 2017.....	4,210	—	—	4,210	—
2013 Series F-3 – 1.00% Fixed Rate Term Bonds due 2017.....	9,205	—	—	9,205	9,205
2014 Series A – 0.20% to 4.35% Fixed Rate Serial and Term Bonds due 2044.....	7,760	—	(415)	7,345	420
2014 Series B-1 (Federally Taxable) – 0.25% to 3.69% Fixed Rate Serial Bonds due 2024...	91,020	—	(8,645)	82,375	8,475
2014 Series B-2 (Federally Taxable) – 0.82% to 1.25% Variable Rate Bonds due upon demand through 2033.....	50,000	—	—	50,000	—
2014 Series C-1-A – 0.70% to 4.30% Fixed Rate Serial and Term Bonds due 2047.....	162,345	—	(8,875)	153,470	245

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2016**

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2016)</i>	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
2014 Series C-1-B – 0.40% to 1.25% Fixed Rate Term Bonds due 2018.....	62,705	—	(19,885)	42,820	—
2014 Series C-1-C – 1.10% to 4.00% Fixed Rate Serial and Term Bonds due 2047.....	30,500	—	—	30,500	—
2014 Series C-2 - 0.01% to 0.88% Variable Rate Bonds due upon demand through 2019...	35,840	—	—	35,840	—
2014 Series C-3 – 0.01% to 0.87% Variable Rate Bonds due upon demand through 2019...	13,000	—	—	13,000	—
2014 Series D-1 (Federally Taxable) – 0.40% to 4.10% Fixed Rate Serial and Term Bonds due 2027.....	35,865	—	(4,305)	31,560	3,805
2014 Series D-2 (Federally Taxable) – 0.82% to 1.25% Variable Rate Bonds due upon demand through 2037.....	38,000	—	—	38,000	—
2014 Series E – 2.90% to 3.75% Fixed Rate Serial and Term Bonds due 2035.....	39,595	—	—	39,595	—
2014 Series G-1 – 0.20% to 4.00% Fixed Rate Serial and Term Bonds due 2048.....	337,400	—	(14,495)	322,905	2,935
2014 Series G-2 – 0.25% to 4.00% Fixed Rate Serial and Term Bonds due 2048.....	8,330	—	(20)	8,310	20
2014 Series H-1 (Federally Taxable) – 0.76% to 4.32% Fixed Serial and Term Bonds due 2035.....	75,000	—	(1,090)	73,910	2,210
2014 Series H-2 (Federally Taxable) – 0.80% to 1.23% Variable Rate Term Bonds due 2044.....	50,000	—	—	50,000	—
2014 Series I – 1.45% Fixed Rate Term Bonds due 2018.....	3,260	—	—	3,260	—
2015 Series A-1 – 0.70% to 4.00% Fixed Rate Serial and Term Bonds due 2048.....	28,000	—	—	28,000	—
2015 Series A-2 – 2.25% to 3.75% Fixed Rate Serial and Term Bonds due 2035.....	6,150	—	—	6,150	—
2015 Series B-1 (Federally Taxable) – 0.60% to 3.53% Fixed Rate Serial Bonds due 2027...	37,000	—	(4,550)	32,450	4,665

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2016**

Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2015 Series B-2 (Federally Taxable) – 0.73% to 1.16% Variable Rate Term Bonds due 2044.....	33,000	—	—	33,000	—
2015 Series D-1-A – 1.30% to 4.35% Fixed Rate Serial and Term Bonds due 2048.....	167,495	—	—	167,495	—
2015 Series D-1-B – 0.85% to 4.35% Fixed Rate Serial and Term Bonds due 2048.....	322,470	—	—	322,470	—
2015 Series D-1-C – 1.35% Fixed Rate Term Bonds due 2018.....	7,200	—	—	7,200	—
2015 Series D-2 – 0.45% to 4.00% Fixed Rate Serial and Term Bonds due 2035.....	64,140	—	(415)	63,725	1,215
2015 Series D-3 – 0.02% to 0.83% Variable Rate Term Bonds due 2020.....	15,000	—	—	15,000	—
2015 Series D-4 – 0.02% to 0.83% Variable Rate Term Bonds due 2020.....	13,500	—	—	13,500	—
2015 Series E-1 – 0.30% to 4.05% Fixed Rate Serial and Term Bonds due 2047.....	37,660	—	(140)	37,520	525
2015 Series E-2 – 0.30% to 3.75% Fixed Rate Serial and Term Bonds due 2035.....	16,025	—	(940)	15,085	2,000
2015 Series F – 0.20% Term Rate Bonds due June 2016.....	26,700	—	(26,700)	—	—
2015 Series G-1 (SNB) – 0.30% to 3.95% Fixed Rate Serial and Term Bonds due 2049	—	129,335	(20)	129,315	110
2015 Series G-2 (SNB) – 1.45% to 3.95% Fixed Rate Serial and Term Bonds due 2049	—	47,160	—	47,160	—
2015 Series H (SNB) – 2.95% Term Rate Term Bonds due June 2026.....	—	136,470	—	136,470	—
2015 Series I (SNB) – 2.95% Term Rate Term Bonds due June 2026.....	—	60,860	—	60,860	—
2015 Series J– 0.37% Term Rate Term Bonds due June 2016.....	—	14,725	(14,725)	—	—
2015 Series K (SNB) – 1.15% Fixed Rate Term Bonds due June 2019.....	—	3,755	—	3,755	—

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2016**

Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
2016 Series A (SNB) – 0.35% to 3.75% Fixed Rate Serial Term Bonds due 2047.....	—	66,445	—	66,445	365
2016 Series B – 0.43% Term Rate Term Bonds due June 2016.....	—	42,535	(42,535)	—	—
2016 Series D (SNB) – 0.35% to 3.75% Fixed Rate Serial Term Bonds due 2047.....	—	54,090	—	54,090	520
2016 Series C-1-A (SNB) – 1.20% to 3.45% Fixed Rate Term Bonds due 2050.....	—	119,330	—	119,330	—
2016 Series C-1-B (SNB) – 1.38% to 3.40% Fixed Rate Term Bonds due 2047.....	—	61,020	—	61,020	—
2016 Series C-2 (SNB) – 1.45% Term Rate Term Bonds due Apr 2020.....	—	32,820	—	32,820	—
2016 Series E-1-A (SNB) – 0.40% to 5.00% Fixed Rate Term Bonds due 2047.....	—	82,510	—	82,510	625
2016 Series E-1-B (SNB) – 1.30% to 3.40% Fixed Rate Term Bonds due 2047.....	—	81,340	—	81,340	—
2016 Series E-2 (SNB) – 1.25% Fixed Rate Term Bonds due 2019.....	—	48,235	—	48,235	—
2016 Series F-1-A (SNB) – 1.95% to 3.37% Fixed Rate Serial and Term Bonds due 2051.	—	23,675	—	23,675	—
2016 Series F-1-B (SNB) – 2.75% to 3.15% Fixed Rate Term Bonds due 2041.....	—	40,275	—	40,275	—
2016 Series F-2 (AMT) (SNB) – 1.25% to 2.25% Fixed Rate Term Bonds due 2025.....	—	8,120	—	8,120	—
2016 Series G-1 (Federally Taxable) (SNB) – 0.85% to 2.82% Fixed Rate Serial Bonds due 2027.....	—	30,000	—	30,000	2,890
2016 Series G-2 (Federally Taxable) (SNB) – 1.37% to 1.37% Variable Rate Term Bonds due 2045.....	—	78,000	—	78,000	—
2016 Series H – 0.90% Term Rate Term Bonds due 2017.....	—	21,225	—	21,225	—

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2016**

Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i>					
<i>(variable rates cover fiscal year 2016)</i>					
<i>Multi-Family Secured Mortgage Revenue Bonds</i>					
2005 Series A-1 (Federally Taxable) Secured Mortgage Revenue Bonds — 5.65% Term Bonds due 2031 .....	5,680	—	(5,680)	—	—
2005 Series A-2 (Federally Taxable) Secured Mortgage Revenue Bonds — 6.32% Term Bonds due 2037 .....	3,995	—	(90)	3,905	90
2005 Series B (Federally Taxable) Secured Mortgage Revenue Bonds— 6.35% Term Bonds due 2038 .....	3,115	—	(60)	3,055	70
2011 Series A (Federally Taxable) Secured Mortgage Revenue Bonds — 1.26% to 4.78% Fixed Rate Serial and Term Bonds due 2026..	40,925	—	(3,320)	37,605	3,395
2013 Series A (Federally Taxable) Secured Mortgage Revenue Bonds — 0.48% to 5.34% Fixed Rate Serial and Term Bonds due 2035..	41,480	—	(2,530)	38,950	2,575
<i>Federal New Issue Bond Program (NIBP)</i>					
2009 Series 1-2 HRB (NIBP) — 3.16% Fixed Rate Term Bonds due 2043 .....	89,600	—	—	89,600	27,370
2009 Series 1-3-A HRB (NIBP) — 3.70% Fixed Rate Term Bonds due 2043 .....	19,120	—	—	19,120	19,120
2009 Series 1-3-B HRB (NIBP) (AMT) — 3.70% Fixed Rate Term Bonds due 2031 .....	8,120	—	—	8,120	8,120
2009 Series 1-4 HRB (NIBP) — 3.68% Fixed Rate Term Bonds due 2051 .....	14,990	—	—	14,990	14,990
2009 Series 1-5-A HRB (NIBP) — 2.47% Fixed Rate Term Bonds due 2048 .....	158,800	—	—	158,800	—
2009 Series 1-5-B HRB (NIBP) (AMT) — 2.47% Fixed Rate Term Bonds due 2041 .....	31,930	—	—	31,930	—
2009 Series 2-3 HRB (NIBP) — 3.70% Fixed Rate Term Bonds due 2043 .....	2,550	—	(50)	2,500	2,500



**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2016**

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2016)</i>	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
2009 Series 2-5 HRB (NIBP) — 2.47% Fixed Rate Term Bonds due 2048.....	37,620	—	(1,650)	35,970	1,720
<b>Total Housing Revenue Bond Program</b>	<b>5,416,400</b>	<b>1,181,925</b>	<b>(686,830)</b>	<b>5,911,495</b>	<b>280,470</b>

**LIBERTY BOND PROGRAM:**

*Multi-Family Mortgage Revenue Bonds*

2005 Series A 90 Washington Street — 0.01% to 0.88% Variable Rate Bonds due upon demand through 2035.....	74,800	—	—	74,800	—
2005 Series A The Crest— 0.01% to 0.87% Variable Rate Bonds due upon demand through 2036.....	132,500	—	(132,500)	—	—
2005 Series B (Federally Taxable) The Crest— 0.10% to 0.75% Variable Rate Bonds due upon demand through 2036.....	5,000	—	(5,000)	—	—
2006 Series A 90 West Street — 0.01% to 0.90% Variable Rate Bonds due upon demand through 2036.....	104,000	—	—	104,000	—
2006 Series B (Federally Taxable) 90 West Street — 0.09% to 0.80% Variable Rate Bonds due upon demand through 2036.....	8,000	—	—	8,000	—
2006 Series A - 2 Gold Street — 0.01% to 0.90% Variable Rate Bonds due upon demand through 2036.....	162,000	—	—	162,000	—
2006 Series B (Federally Taxable) - 2 Gold Street — 0.09% to 0.80% Variable Rate Bonds due upon demand through 2036.....	42,300	—	(2,400)	39,900	—
2006 Series A 201 Pearl Street — 0.01% to 0.90% Variable Rate Bonds due upon demand through 2041.....	65,000	—	—	65,000	—
2006 Series B (Federally Taxable) 201 Pearl Street — 0.09% to 0.80% Variable Rate Bonds upon demand through 2041.....	23,600	—	(600)	23,000	—
2014 Series Classes D, E and F (8 Spruce Street) – 3.00% to 4.50% Fixed Rate Bonds due upon demand through 2048.....	203,900	—	—	203,900	—

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2016**

Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2016)</i>	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
Total Liberty Bond Program	821,100	—	(140,500)	680,600	—
<b><u>CAPITAL FUND PROGRAM REVENUE</u></b>					
<b><u>BONDS (New York City Housing Authority</u></b>					
<b><u>("NYCHA"))</u></b>					
2013 Series A Capital Fund Program—2.00% to 5.00% Serial Bonds maturing in varying installments through 2025.....	163,790	—	(13,235)	150,555	13,740
2013 Series B-1 Capital Fund Program— 2.00% to 5.25% Serial Bonds maturing in varying installments through 2033.....	325,985	—	(15,825)	310,160	16,625
2013 Series B-2 Capital Fund Program— 5.00% to 5.25% Serial Bonds maturing in varying installments through 2032.....	122,170	—	—	122,170	—
Total Capital Fund Program Revenue Bonds	611,945	—	(29,060)	582,885	30,365
<i>Pass-Through Revenue Bond Program</i>					
2014 Series A (Federally Taxable) – 3.05% Fixed Rate Serial Bonds due 2036.....	33,501	—	(10,750)	22,751	6,247
Total Pass-Through Revenue Bond Program	33,501	—	(10,750)	22,751	6,247
Total Bonds Payable Prior to Net Premium Unamortized (Discount) on Bonds Payable	10,064,760	1,203,864	(1,445,250)	9,823,374	327,642
Net Premium (Discount) on Bonds Payable	36,584	1,540	(4,362)	33,762	—
Total Bonds Payable (Net)	\$10,101,344	\$1,205,404	(\$1,449,612)	\$9,857,136	\$327,642
<i>Interest on the Corporation's variable rate debt is based on the Securities Industry and Financial Markets Association ("SIFMA") rate and is reset daily and weekly.</i>					

**Bonds issued in Fiscal Year 2016**

*(A) New York City Housing Development Corporation*

On December 22, 2015, six Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$392,305,000. The fixed rate 2015 Series G-1 Bonds were issued in the amount of \$129,335,000, the fixed rate 2015 Series G-2 Bonds were issued in the amount of \$47,160,000, the term rate 2015 Series H Bonds were issued in the amount of \$136,470,000, the term rate 2015 Series I Bonds were issued in the amount of \$60,860,000, the term rate 2015 Series J Bonds were issued in the amount of \$14,725,000, and the term rate 2015 Series K Bonds were issued in the amount of \$3,755,000. The 2015 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for certain developments and to pay certain other related costs.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

On March 24, 2016, four Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$376,240,000. The fixed rate 2016 Series A Bonds were issued in the amount of \$66,445,000, the term rate 2016 Series B Bonds were issued in the amount of \$42,535,000, the term rate 2016 Series C Bonds were issued in the amount of \$213,170,000, and the fixed rate 2016 Series D Bonds were issued in the amount of \$54,090,000. The 2016 Bonds were issued and combined with other monies to finance construction and permanent mortgage loans for certain developments and to refund certain outstanding bonds of the Corporation.

On June 29, 2016, three Multi-Family Housing Revenue Bonds series were issued in the amount totaling \$212,085,000. The fixed rate 2016 Series E-1-A Bonds were issued in the amount of \$82,510,000, the fixed rate 2016 Series E-1-B Bonds were issued in the amount of \$81,340,000, and the fixed rate 2016 Series E-2 Bonds were issued in the amount of \$48,235,000. The 2016 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for certain developments and to pay certain other related costs.

On October 14, 2016, the fixed rate Multi-Family Mortgage Revenue Bonds, 2007 Series A (Queens Family Courthouse Apartments) which were remarketed previously on April 16, 2012 and had bonds outstanding in the amount of \$40,000,000, were again remarketed. In connection with the remarketing, the fixed rate Multi-Family Mortgage Revenue Bonds, 2016 Series A (Federally Taxable) (Queen Family Courthouse Apartments) were issued in the amount of \$15,000,000. The funds were used to reimburse the project's equity investors.

On October 18, 2016, six Multi-Family Housing Revenue Bonds Series were issued in the amount totaling \$201,295,000. The fixed rate 2016 Series F-1-A Bonds were issued in the amount of \$23,675,000, the fixed rate 2016 Series F-1-B Bonds were issued in the amount of \$40,275,000, the fixed rate 2016 Series F-2 (AMT) Bonds were issued in the amount of \$8,120,000, the fixed rate 2016 Series G-1 (Federally Taxable) Bonds were issued in the amount of \$30,000,000, the index floating rate 2016 Series G-2 Bonds were issued in the amount of \$78,000,000, and the term rate 2016 Series H Bonds were issued in the amount of \$21,225,000. The 2016 Bonds were issued and combined with other available monies to finance construction and permanent mortgage loans for certain developments and to refund certain outstanding bonds of the Corporation.

All the bonds listed above are subject to regular redemption and certain issues are also subject to special redemption provisions as well. The parameters under which the redemptions may occur are set forth in the respective bond resolutions.

In fiscal year 2013, the Corporation committed to issue two draw-down bonds in the amount totaling \$51,165,000, under the variable rate Multi-Family Mortgage Revenue Bonds 2013 Series A and 2013 Series C (Borden Avenue Development). In fiscal year 2016, the Corporation had drawn down an additional \$5,460,000 from 2013 Series A bonds. As of October 31, 2016, the total amount of bonds in both series were fully drawn and redeemed.

In fiscal year 2014, the Corporation committed to issue draw-down bond totaling \$33,000,000, under the variable rate Multi-Family Mortgage Revenue Bond 2013 Series A (250 Ashland Development). As of October 31, 2016, the total amount of bonds in this series was fully drawn.

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

In fiscal year 2016, the Corporation committed to issue a draw-down bond in the amount totaling \$22,130,000, under the variable rate Multi-Family Mortgage Revenue Bond 2016 Series A (148<sup>th</sup> Street Jamaica). As of October 31, 2016, the balance for the drawn down bonds for this series was \$1,478,000.

In fiscal year 2010, as part of the Housing Finance Agency (“HFA”) initiative using authority provided to the U.S. Department of the Treasury (“Treasury”) pursuant to the Housing and Economic Recovery Act of 2008 (“HERA”) to help expand resources to provide affordable mortgages for low and middle income households, and to support the development and rehabilitation of affordable housing units, the Corporation was allocated \$500,000,000 by Treasury to issue bonds under the New Issue Bond Program (“NIBP”). HDC has issued two programs under the NIBP. The variable rate 2009 Housing Revenue Bonds Series 1 (Federally Taxable) Bonds were issued in the amount of \$415,000,000 and the 2009 Housing Revenue Bonds Series 2 (Federally Taxable) Bonds were issued in the amount of \$85,000,000 on December 23, 2009. During the period between June 2010 and December 2011, all the principal amount of the 2009 Series 1 (NIBP) Bonds and the 2009 Series 2 (NIBP) Bonds were converted to fixed rate tax exempt bonds. These bonds were designated as the “Converted Bonds”. As of October 31, 2016, portions of the NIBP Converted Bonds in the amount of \$138,970,000 were redeemed and defeased.

### Debt Obligations Program

In fiscal year 2016, the Corporation closed one new funding loan agreement with Citibank to finance mortgage loans under its Multi-Family Housing Revenue Debt Obligations Program. Under the agreement, Citibank will provide the funds to the Corporation, which the Corporation will then advance the loan proceeds to the project. This is also referred to as “Back to Back”. This debt obligation is subject to private activity bond volume cap. At October 31, 2016, the aggregate principal amount outstanding under the Debt Obligations program was \$154,687,000.

### Changes in Debt Obligations Payable:

Debt Obligations Payable outstanding at October 31, 2015	\$ 34,659,000
Debt Obligations Issued	120,028,000
Debt Obligations Retired	—
Debt Obligations Payable outstanding at October 31, 2016	\$ 154,687,000

Details of changes in HDC debt obligations for the year ended October 31, 2016 were as follows:

Description of Debt Obligations as Issued (in thousands) (variable rates cover fiscal year 2016)	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
MFHR Debt Obligations (Harlem Dowling Residential) –2.49% Fixed Rate due 2047.....	\$ 2,284	\$ 5,298	\$ —	\$ 7,582	\$ —
MFHR Debt Obligations (Harlem Dowling Residential) –6.21% Fixed Rate due 2047.....	295	684	—	979	—
MFHR Debt Obligations (Harlem Dowling Community) –6.17% Fixed Rate due 2047.....	1,910	2,142	—	4,052	—

**New York City Housing Development Corporation**  
**Notes to the Financial Statements**  
**October 31, 2016**

Description of Debt Obligations as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2016)</i>	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
MFMR Debt Obligations (535 Carlton Avenue) –2.01% to 2.87% Variable Rate due 2058.....	150	—	—	150	—
MFMR Debt Obligations (Draper Hall) – 3.91% Fixed Rate due 2047.....	18,230	4,473	—	22,703	—
MFMR Debt Obligations (Stanley Commons) –3.60% Fixed Rate due 2048.....	9,510	8,635	—	18,145	—
MFMR Debt Obligations (38 Sixth Avenue) – 2.01% to 2.87% Variable Rate due 2059...	50	—	—	50	—
MFMR Debt Obligations (La Casa del Mundo) –4.62% Fixed Rate due 2048.....	1,465	3,483	—	4,948	—
MFMR Debt Obligations (MHANY Portfolio) –5.21% Fixed Rate Term due 2049.....	315	11,552	—	11,867	—
MFMR Debt Obligations (MHANY Portfolio - Taxable) –5.21% Fixed Rate Term due 2049	450	—	—	450	—
MFMR Debt Obligations (535 Carlton Avenue Tranche 2) –2.01% to 2.87% Variable Rate Bond due 2058.....	—	4,758	—	4,758	—
MFMR Debt Obligations (38 Sixth Avenue Tranche 2) –2.39% to 2.87% Variable Rate Bond due 2059.....	—	50	—	50	—
MFMR Debt Obligations (535 Carlton Avenue Tranche 3) –2.39% to 2.87% Variable Rate Bond due 2058.....	—	24,500	—	24,500	—
MFMR Debt Obligations (38 Sixth Avenue Tranche 3) –2.63% to 2.74% Variable Rate Bond due 2047.....	—	27,120	—	27,120	—
MFMR Debt Obligations (535 Carlton Avenue Tranche 4) –2.63% to 2.74% Variable Rate Bond due 2047.....	—	24,500	—	24,500	—
MFMR Debt Obligations (Prospect Plaza Phase 111) –4.48% Term Bond due 2049.....	—	2,833	—	2,833	—
<b>Total Debt Obligations Payable</b>	<b>\$ 34,659</b>	<b>\$ 120,028</b>	<b>\$ —</b>	<b>\$ 154,687</b>	<b>\$ —</b>

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

On March 23, 2016, the Corporation entered into a Funding Loan Agreement with Citibank (the “Multi-Family Housing Revenue Debt Obligations – Prospect Plaza Site 3”). The proceeds in the amount of \$33,190,000 were committed to finance the acquisition and construction, and to pay certain other related costs, of a multi-family rental housing development located in the borough of Brooklyn, New York. The total obligation outstanding as of October 31, 2016 was \$2,833,000.

### Federal Financing Bank (“FFB”) Loan Participation Certificate Payable

In fiscal year 2014, the Corporation entered into a new financing agreement with the Federal Financing Bank (“FFB”) for selling beneficial ownership interests in mortgage loans originated by housing finance agencies and insured with FHA/HFA Risk Sharing mortgage insurance. The Corporation was selected to be the first housing finance agency to participate in this new federal initiative to reduce costs of capital for affordable housing. The Corporation will sell beneficial ownership interest in its mortgages to FFB. Beneficial ownership interest in mortgage loans that the Corporation sells to the FFB will be evidenced by certificates of participation from the Corporation. The participation proceeds were recorded as payable to the FFB. The monthly mortgage payments from the borrower will be used to repay the interest to the FFB and principal payments will reflect the schedule mortgage principal payments. The aggregate FFB Loan Participation Certificate Payable balance as of October 31, 2016 was \$100,163,000. (See Note 4: “Mortgage Loans”.)

### Changes in FFB Loan Participation Payable:

The summary of changes in FFB Loan Participation Certificates payable was as follows:

FFB Loan Participation Certificate payable outstanding at October 31, 2015	\$71,450,000
FFB Loan Participation Proceeds	29,540,000
Repayment to FFB	(827,000)
FFB Loan Participation Certificate payable outstanding at October 31, 2016	\$100,163,000

Details of changes in FFB loan participation payable for the year ended October 31, 2016 were as follows:

Description of Bonds as Issued	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
<i>(in thousands)</i> <i>(variable rates cover fiscal year 2016)</i>					
FFB Loan – Arverne View Apt -3.32% Fixed Rate Certificate Pass-Through due 2049.....	\$ 71,450	\$ —	\$ (659)	70,791	\$ —
FFB Loan – 2629 Sedgwick Avenue - 3.28% Fixed Rate Certificate Pass-Through due 2051.....	—	2,920	(28)	2,892	—
FFB Loan – Marseilles Apt - 2.85% Fixed Rate Certificate Pass-Through due 2051.....	—	18,325	(122)	18,203	—

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Description of Bonds as Issued <i>(in thousands)</i> <i>(variable rates cover fiscal year 2016)</i>	Balance at Oct. 31, 2015	Issued	Retired	Balance at Oct. 31, 2016	Amount Due Within 1 Year
FFB Loan – Sons of Italy Apt – 2.76% Fixed Rate Certificate Pass-Through due 2051.....	—	8,295	(18)	8,277	—
FFB Loan Participation Certificate payable	\$ 71,450	\$ 29,540	\$ (827)	\$100,163	\$ —

On October 30, 2014, the Corporation sold a beneficial ownership interest in a mortgage for the Arverne View Apartments (“a.k.a. Ocean Village”) in the amount of \$72,020,000. The FFB Loan Participation Certificate Payable as of October 31, 2016 was \$70,791,000.

On December 14, 2015, the Corporation sold a beneficial ownership interest in a mortgage for 2629 Sedgwick Avenue in the amount of \$2,920,000. The FFB Loan Participation Certificate Payable as of October 31, 2016 was \$2,892,000.

On March 14, 2016, the Corporation sold a beneficial ownership interest in a mortgage for the Marseilles Apartments in the amount of \$18,325,000. The FFB Loan Participation Certificate Payable as of October 31, 2016 was \$18,203,000.

On July 22, 2016, the Corporation sold a beneficial ownership interest in a mortgage for Sons of Italy Apartments in the amount of \$8,295,000. The FFB Loan Participation Certificate Payable as of October 31, 2016 was \$8,277,000.

The Corporation regularly defeases or retires bonds through in-substance defeasances whereby assets are placed in an irrevocable trust that is used exclusively to service the future debt requirement. All the outstanding defeased bonds prior to fiscal year 2015 were called and fully redeemed by the escrow agent during the current year.

During fiscal year 2015, the Corporation retired the 2007 Series B Multi-Family Rental Housing Revenue Bonds (West 61<sup>st</sup> Street Apartments) through in-substance defeasance. The table below lists the series as well as the amount outstanding as of October 31, 2016. These bonds are held with an escrow agent.

**Detail of Defeased Bonds outstanding as of October 31, 2016:**

Bond Issue	Date Defeased	Amount Defeased	Bonds Outstanding 10/31/16
2007 Series B (West 61 <sup>st</sup> Street Apartments) (Federally Taxable)	February 17, 2015	\$6,785,000	\$4,765,000
Total		\$6,785,000	\$4,765,000

**New York City Housing Development Corporation**  
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Future Debt Service:

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

Year Ending October 31, <i>(in thousands)</i>	Principal	Interest	Total
2017.....	\$327,642	249,641	577,283
2018.....	408,942	245,208	654,150
2019.....	784,471	236,741	1,021,212
2020.....	408,381	224,845	633,226
2021.....	183,705	217,442	401,147
2022 – 2026.....	1,015,582	985,998	2,001,580
2027 – 2031.....	1,063,511	813,780	1,877,291
2032 – 2036.....	1,868,172	630,082	2,498,254
2037 – 2041.....	1,660,830	439,026	2,099,856
2042 – 2046.....	1,217,350	260,781	1,478,131
2047 – 2051.....	882,920	41,363	924,283
2052 – 2056.....	1,868	191	2,059
<b>Total</b>	<b>\$9,823,374</b>	<b>4,345,098</b>	<b>14,168,472</b>

Changes in Long Term Liabilities:

Long term liability activities for the year ended October 31, 2016, are as follows:

Descriptions	Balance at Oct. 31, 2015	Additions	Deductions	Balance at Oct. 31, 2016	Due Within 1 Year
<i>(in thousands)</i>					
Bonds Payable, (net)	\$10,101,344	1,205,404	(1,449,612)	9,857,136	327,642
Debt Obligations	34,659	120,028	—	154,687	—
Payable to FFB – Loan Participation	71,450	29,540	(827)	100,163	—
Payable to The City of New York	992,364	373,433	(300,786)	1,065,011	—
Payable to Mortgagors & Restricted Earnings on Investments	614,775	873,362	(875,870)	612,267	165,702
Others	407,671	386,141	(423,160)	370,652	266,753
<b>Total Long Term Liabilities</b>	<b>\$12,222,263</b>	<b>2,987,908</b>	<b>(3,050,255)</b>	<b>12,159,916</b>	<b>760,097</b>



# New York City Housing Development Corporation

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### Note 11: Consultant's Fees

The fees paid by the Corporation for legal, accounting and consulting services in fiscal year 2016 for HDC include \$152,495 to Hawkins, Delafield & Wood; \$28,613 to The City of New York Law Department; \$607 to Epstein, Becker & Green, P.C. Auditing fees of \$218,000 were paid to Ernst & Young LLP.

The Corporation paid consulting fees in the amount of \$434,810 to R Square Inc.; \$42,960 to Mei Kit Chan; \$34,000 to Cristo Rey New York High School; \$24,898 to Carlton Architecture PC; \$16,500 to Bartley & Dick Advertising/Design; \$2,400 to Insurance Advisors, LLC; \$1,773 to Buck Consultant, LLC; and \$1,096 to Kevin Joseph Laccone.

In addition, the Corporation paid legal, accounting and consulting fees for services provided in connection with bond financings which have been reimbursed either from bond proceeds or from project developers. Fees of \$1,364,370 to Hawkins, Delafield & Wood; \$65,000 to Caine Mitter & Associates, Inc.; \$50,000 to Mohanty Gargiulo, LLC; \$47,000 to Hinckley Allen; and \$11,500 to Buchanan Ingersol & Rooney P.C.

### Note 12: Payable to The City of New York

#### *(A) New York City Housing Development Corporation*

Since fiscal year 2002, the Corporation has entered into various agreements with the City whereby HDC sold bonds and used the bond proceeds to purchase from the City interests in various mortgage loans and pools of mortgage loans. Additionally, starting from fiscal year 2005 and 2006 and onward, HDC originated second mortgage loans in which it sold a residual interest to the City. Cash flow derived from these loan interests is pledged to the repayment of the related HDC bonds. At such time as these HDC bonds are retired, ownership of the associated loan interests transfers to the City. The excess of such interest over the amount of the related bonds, which totaled \$604,529,000 as of October 31, 2016 is reported in the Corporation's statement of net position as "Loan participation receivable - The City of NY" in the Noncurrent Assets section and "Payable to The City of New York: Loan participation agreement" in the Noncurrent Liabilities section. The related details are described in the next three paragraphs.

In May, 2014, the 2006 Series A bonds were fully redeemed. Simultaneously, the Corporation issued the Multi-Family Housing Revenue Bonds, 2014 Series B-1 and 2014 Series B-2 collectively, the ("2014 Series B Bonds") to re-securitize the remaining underlining loan portfolio in the 2006 Series A (See Note 6: "Loan Participation Receivable for The City of New York"). As of October 31, 2016, the Corporation's payable to the City relating to the 2014 Series B Bonds was \$95,545,000.

The Corporation has completed numerous transactions as part of its Mitchell-Lama Restructuring Program, an affordable housing preservation program. The following Multi-Family Housing Revenue Bonds were issued through the end of the current fiscal year as part of the Mitchell Lama Restructuring Program: 2004 Series D, 2004 Series E-1, 2004 Series E-2, 2005 Series A-1, 2005 Series A-2, 2005 Series F-1, 2005 Series F-2, 2005 Series J-1, 2005 Series J-2, 2006 Series D-1, 2006 Series D-2, 2008

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Series C-1, 2008 Series C-2, 2008 Series G-1, 2008 Series G-2, 2008 Series J, 2008 Series L, 2010 Series G, a portion of 2010 Series H, 2011 Series F-1, 2011 Series F-2, 2012 Series G, 2012 Series H, 2012 Series I, 2012 Series J, 2013 Series A, 2014 Series E, 2015 Series E-1 and 2015 Series E-2. Under this program the Corporation has funded various new first and second mortgage loans as well as the acquisition of participation interests in City-owned second mortgages and associated cash flows. As long as any Mitchell-Lama Restructuring Bonds are outstanding, all cash flows from the purchased interests must be applied to debt service on such bonds. Once all such bonds are retired, HDC's participation interests revert to the City. HDC also has sold to the City a residual interest in the second mortgage loans the Corporation originated. These loans also transfer to the City when the Mitchell-Lama Restructuring Bonds are retired. During fiscal year 2015, the Corporation issued the 2015 Series A-2 and 2015 Series B-2 bonds to refund the 2004 Series E-1, 2004 Series E-2, 2005 Series A-1 and 2005 Series A-2 bonds. During fiscal year 2016, the Corporation issued the 2015 D-2 and 2015 Series E-2 to refund the 2005 Series E, 2005 Series F-1, 2005 Series F-2, 2005 Series J-1, 2005 Series J-2, 2006 D-1, 2006 D-2 bonds. As of October 31, 2016, the Corporation's payable to the City under the Mitchell-Lama Restructuring Bonds program was \$508,984,000.

Since Fiscal Year 2013, the Corporation entered into several loan participation agreements with the City through its HPD. In each case the Corporation made available to the mortgagors new mortgage loans, the proceeds of which were used for the acquisition or rehabilitation of existing properties, with the HDC mortgage holding the first position lien on the properties. The existing HPD loans were assigned to the Corporation, via a Purchase and Sale agreement, where the Corporation purchased the existing loans from the City and the City purchased a residual interest in the HDC Loans. As of October 31, 2016, the participation mortgage loans underlying the Participation Interest had an aggregate outstanding principal balance of \$248,008,000.

In 2009, HPD and HDC entered into a Memorandum of Understanding ("MOU"), which provides for the granting of funds by HPD to HDC pursuant to Section 661 of the Act, to make subordinate loans for affordable housing. At October 31, 2016, the total related payable to the City relating to this MOU was \$286,865,000.

The Corporation also administers construction loans on behalf of HPD, using funds provided by HPD. All such funds are the property of HPD and thus are reported as due to the City in the Corporation's financial statements. At October 31, 2016, the total related payable to the City was \$57,429,000.

On December 18, 2015, at the request of The City of New York, the Corporation funded a \$143,236,000 subordinate loan to the purchasers of Stuyvesant Town-Peter Cooper Village to assist the preservation of the affordability of this project. During fiscal year 2016, the City reimbursed the Corporation by funding various subordinate loans totaling \$11,416,000. As of October 31, 2016, the remaining balance of receivable from The City of New York was \$131,820,000.

### *(B) Housing Assistance Corporation*

Funding for HAC was received through the City in 1985. All of HAC's assets, after repayment of HDC advances to HAC and if unused for HAC purposes, will revert back to the City. At October 31, 2016, total resources payable to the City amounted to \$169,711,000, most of which is the result of the funding

# New York City Housing Development Corporation

## Notes to the Financial Statements

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to Stuyvesant Town-Peter Cooper Village. The resources held for the City are primarily the mortgage loans described in Note 4, "Mortgage Loans," and the investments held to fund tenant assistance payments.

Since fiscal year 2009, per the approvals of the Corporation's Members, the Corporation has transferred to HAC in monthly increments in an amount at any one time not to exceed \$10,000,000, to provide funds for the Tenant Assistance ("TAC") payments for the Ruppert/Yorkville project pursuant to an agreement made by the City for the benefit of such residents. Since then, HAC has repaid the Corporation \$3,500,000. As of October 31, 2016, the remaining HAC obligations to HDC were \$8,167,000. HAC is obligated to repay the Corporation for all funds advanced by HDC, without interest, at such time as funds become available to HAC.

### Note 13: Retirement Programs

#### (A) NYCERS

The Corporation is a participating employer in NYCERS, a cost sharing multi-employer plan, of which 101 current employees of the Corporation are members. NYCERS provides defined benefit pension benefits to 185,000 active municipal employees and 142,000 pensioners through \$55.5 billion in assets. City employees who receive permanent appointment to a competitive position and have completed six months of service are required to participate in NYCERS, and all other employees such as HDC employees are eligible, but not required, to participate in NYCERS. NYCERS provides three main types of retirement benefits: service retirements, ordinary disability retirements (non-job related disabilities) and accident disability retirements (job-related disabilities) to members who are in different "tiers." The members' tier is determined by the date of membership. Subject to certain conditions, members generally become fully vested as to benefits upon completion of five years of service. Employees may be required to contribute a percentage of their salary to the pension plan based on their tier. Annual pension benefit is calculated as a percentage of final average salary times number of years of membership service.

Contribution requirements of the active employees and the participating New York City agencies are established and may be amended by the NYCERS Board. Employees' contributions are determined by their tier and number of years of service. They may range between 0.00% and 7.46% of their annual pay. Statutorily-required contributions to NYCERS, determined by the New York City Office of the Actuary in accordance with State statutes and City laws, are funded by the employer within the appropriate fiscal year.

Copies of NYCERS' financial statements can be obtained by writing to 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3751 or its website ([www.nycers.org](http://www.nycers.org)).

Upon the adoption of GASB 68 during fiscal year 2013, the Corporation was required to recognize a Net Pension Liability for the difference between the present value of projected benefits for past service known as the Total Pension Liability ("TPL") and the restricted resources held in trust for the payment of pension benefits, known as the Plan Fiduciary Net Position ("PFNP"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to

# New York City Housing Development Corporation

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pensions, and pension expense, information about the fiduciary net position of NYCERS and additions to/deductions from NYCERS' fiduciary net position have been determined on the same basis as they are reported by NYCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

As of October 31, 2016 and 2015, the Corporation reported a liability of \$12,877,000 and \$10,908,000, respectively, for its proportionate share of NYCERS' net pension liability. The net pension liability was measured as of June 30, 2016 and June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Corporation's proportion of the net pension liability was based on a projection of the Corporation's long-term share of contributions to the pension plan relative to the projected contributions of all participating employees, actuarially determined. At June 30, 2016 and 2015, the Corporation's proportion was 0.053%.

At October 31, 2016, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$1,962,000	\$1,265,000
Differences between expected and actual experience	-	366,000
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	(94,000)	-
Changes in Assumptions	950,000	-
Corporation contributions subsequent to the measurement date	790,000	-
	<u>\$3,608,000</u>	<u>\$1,631,000</u>

Of the deferred outflows of resources related to pensions, \$790,000 was a contribution that the Corporation made subsequent to the measurement date and it will be recognized as a reduction of the net pension liability in fiscal year ending October 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$ (509,442)
2018	(509,442)
2019	(168,116)

At October 31, 2015, the Corporation reported \$2,004,000 as deferred inflow of resources from the accumulated net difference between projected and actual earnings on NYCERS investments.

# New York City Housing Development Corporation

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Deferred outflows of resources amounted to \$950,000 at October 31, 2015 related to pensions resulting from the Corporation's contributions subsequent to the measurement date and was recognized as a reduction of the net pension liability in the year end October 31, 2016.

The Corporation recorded pension expense for fiscal years ending October 31, 2016 and 2015 in the amounts of \$1,477,000 and \$1,147,000 respectively.

### *Actuarial assumptions*

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7% per annum, net of investment expenses
Salary Increases	In general, merit and promotion increases plus assumed general wage increases of 3.0% per annum.
Cost-of-Living Adjustments	1.5% and 2.5% for certain tiers

Mortality tables for service and disability pensioners were developed from an experience study of NYCERS. The mortality tables for beneficiaries were developed from an experience review. For more detail see the reports entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on or After July 1, 2011," also known as "Silver Books." Electronic versions of the Silver Books are available on the New York City Office of the Actuary website ([www.nyc.gov/actuary](http://www.nyc.gov/actuary)) under Pension Information.

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years.

### *Expected Rate of Return on Investments*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# New York City Housing Development Corporation

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis
U.S. Public Market Equity	32.60%	6.60%
International Public Market Equities	10.00%	7.00%
Emerging Public Market Equities	6.90%	7.90%
Private Market Equities	7.00%	9.90%
U.S. Fixed Income	33.50%	2.70%
Alternatives	10.00%	4.00%

Management has determined its expected rate of return on investments to be 7%. This is based upon actual returns for variable funds and a long-term Consumer Price Inflation assumption of 2.5% per year, which is offset by investment related expenses.

### *Discount Rate*

The discount rate used to measure the total pension liability as of June 30, 2014, was 7.00% per annum. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the NYCERS fiduciary net position is projected to be available to make all projected future benefit payments of current active and non-active NYCERS members. Therefore, the long-term expected rate of return on NYCERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Corporation's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6%) or one percentage-point higher (8%) than the current rate.

	1% decrease (6%)	Discount rate (7%)	1% increase (8%)
HDC's proportionate share of the net pension liability	\$17,656	\$12,877	\$8,875

### *Pension Plan Fiduciary Net Position*

Detail information about the pension plan's fiduciary net position is available in the separately issued NYCER's report ([www.nycers.org](http://www.nycers.org)).

# New York City Housing Development Corporation

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*(B) Tax Sheltered Annuity Plan*

The Corporation also offers its employees the option of participating in a Tax Sheltered Annuity Plan managed by Wells Fargo Bank, N.A. as an alternate or supplemental 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 14: Postemployment Benefits Other Than Pensions**

The Corporation sponsors a single employer defined benefit health care plan that provides postemployment medical benefits for eligible retirees and their spouses. The Corporation does not issue a publicly available financial report for the plan.

Benefit provisions for the plan are established and amended by actions taken by the Corporation's Members and there is no statutory requirement for HDC to continue this plan for future HDC employees. The plan is currently a non-contributory plan with all payments for plan benefits being funded by HDC on a pay-as-you-go-basis.

HDC follows the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement establishes guidelines for reporting costs associated with "other postemployment benefits" ("OPEB"). HDC's annual OPEB cost for the plan is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC includes interest of \$81,906 on the net OPEB obligation.

HDC's annual OPEB cost for the current year and the related information for the plan are as follows (dollar amounts in thousands):

Annual required contribution	\$2,132
Contributions made	—
<hr/>	
Increase in net OPEB obligation	2,132
Net OPEB obligation—beginning of year	8,919
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Net OPEB obligation—end of year	\$11,051
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HDC's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the previous three years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
10/31/16	\$2,132	0%	\$11,051
10/31/15	\$1,723	0%	\$8,919
10/31/14	\$1,657	0%	\$7,196

As of October 31, 2016, the actuarial accrued liability for benefits was \$27,699,000. The covered payroll (annual payroll of active employees covered by the plan) was \$16,165,000 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 171%. Actual benefit payments made during Fiscal Year 2016 amounted to \$91,000.

The actuarial valuation date was October 31, 2015. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between HDC and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the October 31, 2010 and October 31, 2012 actuarial valuations, the Corporation used the entry age normal cost method. The actuarial assumptions included a 4% discount rate, 3% wage inflation rate and an annual healthcare cost trend rate of 8% grading down to an ultimate rate of 5%. The unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payroll on an open basis. The remaining amortization period is 19 years.

Since establishing an irrevocable OPEB trust in fiscal year 2012, the Corporation has funded a total of \$8,000,000 to date. At October 31, 2016, the book value and fair market value of the investment trust fund were \$8,435,000 and \$8,382,000, respectively.

The unfunded actuarial liability was \$11,051,000 as of October 31, 2016.



# New York City Housing Development Corporation

## Notes to the Financial Statements

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### Note 15: Due to the United States Government – Non Current Liabilities

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. In general, the Code requires the payment to the 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. As of October 31, 2016, HDC had set aside funds in the amount of \$854,000 to make future rebate payments when due.

### Note 16: Commitments

#### (A) New York City Housing Development Corporation

(i.) 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, 2016	
2017.....	\$1,801,000
2018.....	2,047,000
2019.....	2,047,000
2020.....	2,047,000
2021.....	2,047,000
2022-2023.....	2,217,000
<b>Total</b>	<b>\$12,206,000</b>

For fiscal year 2016, the Corporation’s rental expense including escalation, taxes and operating costs amounted to \$1,961,000 and utility expense amounted to \$90,000.

(ii.) The Corporation’s practice is to close loans only when all the funds committed to be advanced have been made available through bond proceeds or a reservation of corporate funds. Funds are invested prior to being advanced, as described in Note 3: “Investments and Deposits”, and are reported as restricted assets.

# New York City Housing Development Corporation

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(iii.) The portion of closed construction loans that had not yet been advanced as of October 31, 2016 is as follows:

<u>Programs:</u>	
Multi-Family Bond Programs	
Housing Revenue	\$1,061,527,000
New Housing Opportunity Program (New HOP)	21,618,000
NYCHA	80,825,000
Corporate Services Fund Loans	133,863,000
421-A Housing Trust Fund	9,726,000
HPD Grant Funds	188,320,000
Unadvanced Construction Loans (closed loans)	\$1,495,879,000

The Corporation occasionally will have executed commitment letters for loans that have not yet closed at year end. At October 31, 2016, five commitments were signed for a total of \$36,545,000.

(iv.) The Corporation has made a programmatic funding commitment in support of the City’s housing initiatives. HDC has reserved funds to fulfill these commitments, but the timing and amount of remaining loan closing cannot be determined. The programmatic commitment is as follows:

- On June 6, 2016, the Corporation entered into a Memorandum of Understanding (“MOU”) with HPD, which was subsequently amended on December 15, 2016, that outlines the Corporation’s obligations to use corporate reserves to fund construction loans for projects eligible under the Green Housing Preservation Program (“GHPP”). Under the GHPP, HPD extends construction and permanent loans to projects specifically to finance energy efficiency and water conservation improvements, as well as moderate rehabilitation to improve building conditions, reduce greenhouse gas emission, and preserve affordability. HDC has set aside \$3,000,000 of its reserves for this purpose. The total amount advanced as of October 31, 2016 was \$87,000.

#### *(B) New York City Residential Mortgage Insurance Corporation*

As of October 31, 2016, REMIC insured loans with coverage amounts totaling \$228,121,000 and had outstanding commitments to insure loans with a maximum insurance coverage amount of \$113,344,000.

### **Note 17: Financial Guaranties**

#### *(A) NYCHA Tax Credit Guaranty*

On April 2, 2012, the Corporation entered into a Guaranty Agreement with Citibank to guaranty the yield on Citibank’s investment in the Low Income Housing Tax Credit (“LIHTC”) created pursuant to the New York City Housing Authority Tax Credit Transaction (“NYCHA Tax Credit Transaction”). In return, the Corporation received \$16.0 million as a guaranty fee from Citibank, less fees and expenses of \$929,000 incurred under this agreement.

On July 15, 2013, Citibank transferred 100% of its rights under the guaranty agreement to Wells Fargo Holdings (“Wells Fargo”). As of that date the Guaranty agreement between Citibank and HDC was

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

terminated and a new agreement was signed between HDC and Wells Fargo. As a condition of Citibank selling its rights under the guaranty agreement, the Corporation received an additional \$8 million of Guaranty fee from Wells Fargo, less fees and expenses of \$320,000 incurred under this agreement.

Under the Guaranty Agreement between HDC and Wells Fargo the Corporation agreed to guaranty a minimum rate of return on Wells Fargo's tax credit investment in the NYCHA I Housing Development Fund Corporation through a 15 year compliance period. The minimum rate of return is equal to an annual effective rate of 4.50% on an after tax basis return on its tax credit investment over the 15 year compliance period. During the compliance period, from time to time NYCHA LLC-I will determine if the total benefits allocated or paid to Wells Fargo through such date, together with the tax benefits projected to be received by Wells Fargo thereafter through the coverage period termination date, are sufficient to keep Wells Fargo on track to achieve the minimum return. If it is determined that Wells Fargo is not on track to achieve the minimum return through the coverage period termination date, the Corporation shall have the option, but not the obligation, subject to a cap amount of \$96,000,000, to make a payment to Wells Fargo under the guaranty agreement in an amount equal to the optional minimum return deficiency amount.

The NYCHA Tax Credit transaction required the establishment and funding of several project reserves and guaranties in order to ensure timely completion of rehabilitation, which has in fact proceeded on time and within budget. As of October 31, 2016, the unamortized guarantee fee was \$17,356,000 and the Corporation has designated this amount for the financial guaranty reserve. (See Note 18: "Contingencies".) The likelihood that HDC has to pay out under this guaranty decreases with the passage of time. HDC will recognize the guaranty fee on a straight-line basis over the covered period which is 15 years.

### *(B) Co-op City Guaranty*

On November 28, 2012, the Corporation entered into a Credit Support Agreement with Wells Fargo Bank National Association ("Wells Fargo Bank"), HUD and SONYMA. Wells Fargo Bank agreed to make a mortgage in the amount of \$621,500,000 to a Mitchell Lama cooperative housing development named Co-op City in the Bronx, New York. As a precondition of endorsing the loan for insurance, HUD acting through FHA required SONYMA and HDC each to provide a portion of top-loss guaranty on the loan. Pursuant to the agreement between HDC and HUD, HDC agreed to provide \$15,000,000 as a guaranteed amount to Wells Fargo Bank in the event of a default by the cooperative. The Corporation agreed to fund the full amount of the top-loss guaranty in a segregated designated account for the duration of the HDC top-loss guaranty. As of October 31, 2016, the Corporation has designated \$15,000,000 as a financial guaranty reserve. (See Note 18: "Contingencies".)

### *(C) Community Preservation Corporation Guaranty*

On November 18, 2013, the Corporation's Members authorized the purchase of a subordinate participation in the two or more of Citibank Revolving Credit Facilities (each a "Revolving Credit Facility" and collectively "the Revolver") to Special Purpose Entities (each an "SPE") to be created by the Community Preservation Corporation ("CPC") in an amount not to exceed \$20 million. HDC's exposure will be limited to 10% of each mortgage loan, and \$20 million overall. The purpose of this

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

agreement is to provide financing for the CPC SPEs to facilitate the origination, or acquisition of, or participation in mortgage loans for the construction, rehabilitation, and refinancing of multi-family rental properties located in the City's low and moderate income communities. In addition, this subordinate participation replaced the Limited Guaranty to CPC Funding SPE 1, LLC and the Corporation will not participate in a separate Citibank arranged working capital facility for CPC which was approved by the Corporation's Members on April 9, 2012. On May 17, 2016, HDC's loan participation agreement was amended and the Corporation's commitment increased, from \$20 million to \$25 million. As of October 31, 2016, the Corporation had funded \$16,121,120 of the \$25 million participation. (See Note 18: "Contingencies".) The Corporation has designated \$2,500,000 as a loan participation reserve.

### *(D) Preserving City Neighborhoods Guaranty*

On September 18, 2013, the Corporation's Members authorized to provide a limited guaranty to the New York City Acquisition Fund LLC ("NYAF") on behalf of qualified nonprofit organizations partnering with Preserving City Neighborhoods ("PCN"). The HDC guaranty will be equal to a 25% loss on acquisition loans up to maximum exposure of \$5 million. HPD will work together with PCN to develop a pipeline with a particular focus on smaller buildings of fewer than 30 residential units that have historically not generated interest in the open market. (See Note 18: "Contingencies".) As of October 31, 2016, the Corporation has designated \$2,250,000 as a financial guaranty reserve.

### *(E) Federal Housing Administration Risk Sharing Program*

In November 2011, the Corporation entered into an amended risk sharing agreement with HUD. HDC participates in the Risk Sharing Program to obtain 100% insurance on certain loans made by HDC for affordable multifamily housing. The risk sharing allocation between HDC and HUD will be on a project by project basis and take effect when the loan converts to permanent financing.

In fiscal year 2014, the Corporation entered into a second risk-sharing agreement with HUD, which largely mirrors the terms of the existing amended Risk-Sharing Agreement.

HDC has established a guaranty reserve for risk sharing obligation to FHA if there is a loss on a mortgage loan.

As of October 31, 2016, HDC has designated a total of \$8,135,000 as a financial guaranty reserve under the FHA risk-sharing mortgage insurance programs for six participating projects and future participating projects.

### **Note 18: Contingencies**

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

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

As discussed in Note 17 above, the Corporation entered into several guaranty agreements with various entities in order to finance certain projects. These guaranties required the establishment and funding of reserves which put the Corporation in a better financial position to meet its' obligations in the event that payments are required.

The reserves are summarized in the chart below:

Financial Guaranties	At October 31, 2016
	Reserve Amounts
NYCHA Tax Credit Guaranty	\$17,356,000
Co-op City Guaranty	15,000,000
Community Preservation Corporation Guaranty	2,500,000
Preserving City Neighborhoods Guaranty	2,250,000
FHA Risk Sharing	8,135,000
Total	\$45,241,000

### Note 19: Net Position

The Corporation's Net Position represents the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources and consists largely of mortgage loans and investments. HDC's net position is categorized as follows:

- Restricted Net Position are net assets that have been restricted in use in accordance with the terms of an award, agreement or by State law. This includes net position restricted by bond resolutions, contractual obligations with HPD and HUD, and REMIC reserves that are required by statute, among other items (see chart below).
- Unrestricted Net Position are the remaining net position, which can be further categorized as Designated or Undesignated. Designated Net Position is not governed by statute or contract but is committed for specific purposes pursuant to HDC policy and/or Member directives. Designated Net Position includes funds and assets committed to various housing initiatives, reserves to maintain HDC's credit ratings, and working capital.

### Changes in Net Position

The changes in Net Position are as follows:

	Restricted	Unrestricted	Total
Net position at October 31, 2014	\$1,117,269,000	867,271,000	1,984,540,000
Income	108,368,000	36,089,000	144,457,000
Transfers	(18,304,000)	18,304,000	—
Net position at October 31, 2015	\$1,207,333,000	921,664,000	2,128,997,000
Income	88,526,000	39,591,000	128,117,000
Transfers	100,134,000	(100,134,000)	—
Net position at October 31, 2016	\$1,395,993,000	861,121,000	2,257,114,000

# New York City Housing Development Corporation

## Notes to the Financial Statements

October 31, 2016

Summary of Restricted Position	2016	2015
Multi-Family Bond Programs	\$1,160,539,000	973,764,000
421-A Housing Trust Fund	228,372,000	226,094,000
Corporate Debt Service Reserve 2014 Series B1 and B2 Bonds	6,719,000	6,819,000
Claim Payment Fund for 223(f) Program	363,000	656,000
Total Restricted Net Position	\$1,395,993,000	1,207,333,000

Of the total Unrestricted Net Position listed below, \$361,099,000 is for existing mortgages and other loans. An additional \$339,997,000 has been designated by senior management of the Corporation for future mortgage advances pursuant to housing programs established by the Corporation. The Corporation also has \$2,473,000 in capital assets.

Summary of Unrestricted Net Position	2016	2015
Designated Position:		
Existing Mortgages	\$361,099,000	\$395,221,000
Housing Programs and Commitments	339,997,000	364,830,000
Working Capital	22,111,000	21,681,000
Rating Agency Reserve Requirement	90,200,000	88,000,000
Financial Guaranty Reserves (Note 17)	45,241,000	50,136,000
Total Designated Net Position	858,648,000	919,868,000

Net Investment in Capital Assets:		
Capital Assets, net	2,473,000	1,796,000
Total Net Investment in Capital Assets	2,473,000	1,796,000

In fiscal year 2016, net position transferred from unrestricted to restricted was a net amount of \$100,134,000. The amount represents excess in the Open Resolution as well as the transfer of mortgage loans originated with corporate reserves into the Open Resolution as a result of securitizations. In fiscal year 2015, \$18,304,000 was transferred from restricted to unrestricted as noted above.

### Note 20: Subsequent Events

Subsequent to October 31, 2016, bonds and debts obligations, also commonly referred to as “Back to Back”, issued in the course of the Corporation’s normal business activities were \$504,781,000 and \$59,993,000, respectively.

Subsequent to October 31, 2016, the Corporation’s statutory debt capacity was increased to \$12.5 billion through State legislation.

## Required Supplementary Information

# New York City Housing Development Corporation Required Supplementary Information

October 31, 2016

Schedule 1:

The following schedule is being presented to provide information on the funding progress of the OPEB Plan.

**Schedule of Funding Progress  
For the Retiree Healthcare Plan (\$ in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10-31-2015	\$8,364	\$19,850	\$11,486	42.1%	\$14,967	76.7%
10-31-2012	\$4,001	\$16,146	\$12,145	24.8%	\$13,371	90.8%
10-31-2010	0	\$16,374	\$16,374	0%	\$12,484	131.2%

For the October 31, 2010, October 31, 2012 and October 31, 2015 actuarial valuations, the Corporation used the entry age normal cost method. The actuarial assumptions included a 4% discount rate, 3% wage inflation rate and an annual healthcare cost trend rate of 8% grading down to an ultimate rate of 5%. The unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payroll on an open basis. The remaining amortization period was 19 years.



# New York City Housing Development Corporation

## Required Supplementary Information

October 31, 2016

### Schedule 2:

The following schedules 2a & 2b are being presented to provide information on the Corporation's proportionate share of the Net Pension Liability and the Corporation's contributions.

#### (2a) Schedule of the Corporation's Proportionate Share of the Net Pension Liability

	2016	2015	2014
HDC's proportion of the net pension liability	0.053%	0.053%	0.054%
HDC's proportionate share of the net pension liability	\$ 12,877,315	\$ 10,907,802	\$ 9,730,403
HDC's covered-employee payroll	10,045,598	10,158,437	9,938,413
HDC's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128%	107%	98%
Plan fiduciary net position as a percentage of the total pension liability	69.67%	73.16%	75.32%

#### (2b) Schedule of the Corporation's Contributions (\$ in thousands)

	2016	2015	2014
Contractually required contribution	\$ 1,784	\$ 1,675	\$ 1,682
Contributions in relation to the contractually required contribution	\$ 1,784	\$ 1,675	\$ 1,682
Contribution deficiency (excess)	\$ -	\$ -	\$ -
HDC covered-employee payroll	\$ 10,046	\$ 10,158	\$ 9,938
Contributions as a percentage of covered-employee payroll	18%	16%	17%

#### Notes to Schedule

*Changes in benefit terms: None*

*Changes in assumptions: None*

## II. Government Auditing Standards Section

Report of Independent Auditors on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New York City Housing Development Corporation (the Corporation), a component unit of the City of New York, which comprise the statement of net position as of October 31, 2016, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2017.

**Internal Control Over Financial Reporting**

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

*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 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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 result of that testing, and not to provide an opinion on the entity's internal control or on compliance. 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. Accordingly, this communication is not suitable for any other purpose.



January 30, 2017

### III. Uniform Guidance Section

New York City Housing Development Corporation

Schedule of Expenditures of Federal Awards

Year Ended October 31, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Sub- Recipients	Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Direct Program:				
Interest Reduction Payments – Rental and Cooperative Housing for Lower-Income Families (Federal Direct)	14.103		\$ –	\$ 30,848,771
Passed-Through New York City Department of Housing Preservation and Development:				
CDBG – Disaster Recovery Grants – Pub. L. No. 113-2 Cluster: Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	N/A	9,485,900	9,852,625
Total expenditures of federal awards			\$ 9,485,000	\$ 40,701,396

*See accompanying notes to the schedule of expenditures of federal awards.*

# New York City Housing Development Corporation

## Notes to Schedule of Expenditures of Federal Awards

October 31, 2016

### **1. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards (“SEFA”) presents the financial activity of the federally assisted programs of the New York City Housing Development Corporation as of and for the year ended October 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the SEFA presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Corporation.

### **2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are presented using the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles of OMB Circular A-87, *Cost Principles for State, Local and Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Corporation has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **3. Interest Reduction Payments Program**

Disbursements reported under the Interest Reduction Payments program (CFDA #14.103) fall under one of two project categories: those insured under Section 223(f) of the General Housing Act and those that are uninsured under General Housing subsidiary projects.

### **4. Hurricane Sandy Community Development Block Grant Disaster Recovery Grants**

The City of New York, through the New York City Department of Housing Preservation and Development (“HPD”), applied for and was awarded funds from the United States Department of Housing and Urban Development (“HUD”) under the Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (“CDBG-DR”) program. On October 29, 2013, the Corporation executed a subrecipient agreement with HPD in which the Corporation is responsible for implementing and administering a portion of the Multi-Family Rehabilitation Loan Program (the “Program”). The Program is intended to lend CDBG-DR funds to eligible owners of eligible buildings for eligible work under CDBG-DR and Program regulations.

New York City Housing Development Corporation

Notes to Schedule of Expenditures of Federal Awards (continued)

**4. Hurricane Sandy Community Development Block Grant Disaster Recovery Grants  
(continued)**

The below table summarizes the loan commitments and loans receivable at October 31, 2016. Loan commitments are not included in the SEFA until funds are advanced to the borrower.

Property	Loans Receivable November 1, 2015	Loan Advances	Loans Receivable October 31, 2016	Remaining Loan Commitment	Total
Sam Burt	\$ 1,121,876	\$ –	\$ 1,121,876	\$ –	\$ 1,121,876
334 Beach 54 <sup>th</sup> Street	642,950	67,985	710,935	39,855	750,790
Metro East 99 <sup>th</sup> Street	600,000	–	600,000	–	600,000
9501 Rockaway Blvd	621,159	112,878	734,037	62,554	796,591
Dayton Tower Co-op	5,540,343	–	5,540,343	–	5,540,343
Sons of Italy	238,883	83,258	322,141	41,255	363,396
Village East Towers	369,568	–	369,568	–	369,568
Riverbend	87,000	–	87,000	–	87,000
Total	<u>\$ 9,221,779</u>	<u>\$ 264,121</u>	<u>\$ 9,485,900</u>	<u>\$ 143,664</u>	<u>\$ 9,629,564</u>

Pursuant to the Agreement with HPD, the Corporation may be reimbursed for general administrative costs incurred in conjunction with the program. This amount cannot exceed 5% of HDC's CDBG-DR budget of \$60,000,000, or \$3,000,000, over the life of the agreement. Expenditures on the SEFA include \$366,725 of general administrative costs incurred by the Corporation, which were drawn from HPD during the year ended October 31, 2016. Cumulative general and administrative costs to date are \$1,742,643.



## Report of Independent Auditors on Compliance with Requirements for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

### **Report on Compliance for Each Major Federal Program**

We have audited the New York City Housing Development Corporation's (the Corporation) compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Corporation's major federal programs for the year ended October 31, 2016. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

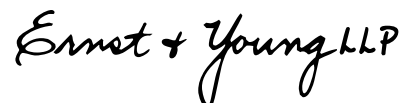
## Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



January 30, 2017

New York City Housing Development Corporation

Schedule of Findings and Questioned Costs

For the Year Ended October 31, 2016

**Section I – Summary of Auditor’s Results**

**Financial Statements Section**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP

	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u>  ✓  </u> No
Significant deficiency(ies) identified?	_____ Yes <u>  ✓  </u> <span style="float: right;">None reported</span>
Noncompliance material to financial statements noted?	_____ Yes <u>  ✓  </u> No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes <u>  ✓  </u> No
Significant deficiency(ies) identified?	_____ Yes <u>  ✓  </u> <span style="float: right;">None reported</span>

Type of auditor’s report issued on compliance for major federal programs:

	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes <u>  ✓  </u> No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.103	Interest Reduction Payments – Rental and Cooperative Housing for Lower-Income Families

Dollar threshold used to distinguish between Type A and Type B programs:

	\$ 1,221,042
Auditee qualified as low-risk auditee?	<u>  ✓  </u> Yes _____ No

New York City Housing Development Corporation  
Schedule of Findings and Questioned Costs (continued)

Year Ended October 31, 2016

**Section II – Financial Statement Findings**

None reported.

New York City Housing Development Corporation  
Schedule of Findings and Questioned Costs (continued)

Year Ended October 31, 2016

**Section III – Federal Awards Findings and Questioned Costs**

None reported.

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