



EVERYONE NEEDS A HOME



Home is something we take for granted until we lose it, or until it is no longer safe or habitable. Yet homelessness is a way of life for an estimated 3.5 million Americans, including many families with children.

At Housing and Services, Inc. (HSI), we know people don't choose to be homeless or live in substandard conditions. But the escalating cost of housing and the dwindling supply of acceptable low-cost options leave many, especially those with special needs, with no choice.

This is why HSI partners with neighborhoods and private and government leaders to develop and manage new and innovative housing models. We're proud that HSI's 535 residents at the Kenmore, the Cecil, the Narragansett and our Scattered Site Program are living with dignity, independence, and health in safe affordable homes, in part due to our hard work.

In 2004, Mayor Bloomberg announced his plan to end homelessness. HSI believes this goal is attainable. HSI did its part in 2004 and 2005 by undertaking construction on Woodycrest House for 40 families with AIDS. We also completed our first ground up construction project, The Edwin Gould Residence, which is the largest supportive housing project of its kind serving post-foster care youths in New York City. In 2005, HSI was able to help preserve 1,900 Mitchell Lama apartments as affordable homes – and those 1,900 families now have the opportunity to become first-time homeowners. These projects relate to the core of HSI's mission and the Mayor's plan – ending homelessness through innovation and persistence.

HSI's efforts would be nowhere without your support. We thank you and hope you are as touched as we are by the impact we all continue to have on the lives of our clients.

Lawrence Oaks
Executive Director

Michael Cohen
Chairman

ABOUT HOUSING AND SERVICES, INC.

Permanent Housing for New Yorkers in need since 1987.

Housing and Services, Inc. (HSI) creates permanent, cost-effective solutions to housing crises for individuals and families in need. We provide hope and stability to frail individuals and families suffering from HIV/AIDS, mental illness, and addiction in safe and nurturing environments, empowering our residents to live as independently and crisis-free as possible. By helping other non-profits develop and preserve housing for low and middle income families and individuals, HSI improves housing opportunities throughout New York City.

HSI provided housing and services to over 600 men and women last year; we have created or preserved more than 3,000 units of affordable housing since our founding. HSI's work is supported by public and private funds and rent paid by residents in our housing programs. HSI is known for its expertise in designing and implementing high quality housing and services both through its technical assistance to other non-profits and HSI's own programs.

CREATING AND PRESERVING AFFORDABLE HOMES

Development in 2004 & 2005

The **development division's** mission is to create and preserve decent affordable housing for low-to-moderate income New Yorkers. In addition to creating new housing to add to HSI's own portfolio, our highly-qualified development staff assist other organizations with a full range of development services including feasibility analysis, building community support and project financing, overseeing the architectural and construction phases and developing a management plan.

Development Highlights Include:

WOODYCREST HOUSE — Nine million dollars in financing closed in April 2004 and construction is underway on this 40-unit permanent, supportive housing residence for homeless families suffering from HIV/AIDS. Domino Magazine and eight top interior designers, generously designed beautiful apartments for the families – utilizing all donated items. Families will receive on-site case management, substance abuse, and vocational counseling and nutritional services. Medical and mental health services will be provided just next door at Highbridge-Woodycrest Center (developed by HSI in 1991).

LAFAYETTE MORRISON & BOYNTON MITCHELL LAMA CONVERSION — In December 2005, HSI and its financial partner, Apollo Real Estate Advisors, L.P., closed on the \$97.5M purchase of Lafayette Morrison and Lafayette Boynton, two NYS State Mitchell-Lama housing corporations with a total of 1,865 units of affordable housing in the Soundview section of the Bronx. The conversion to cooperative status will allow residents to purchase their apartments at affordable rates, becoming homeowners for the first time.

THE EDWIN GOULD RESIDENCE — HSI worked with the Edwin Gould Academy to develop this East Harlem permanent, supportive housing residence for 52 post-foster care youths, the City's first permanent supportive housing project solely for the "aging out of foster care" population. Onsite services include: case management, individual and family counseling, peer support groups, educational tutoring, and career services.

BELMONT BOULEVARD II, The William "Slim" Rodriguez Apartments — Ten million dollars in HUD Section 202 financing helped create this 87-unit permanent housing residence for low-income seniors who will now be able to age in place in the Bronx's Little Italy neighborhood. HSI has developed more than 350 apartments for seniors with the Belmont Arthur Avenue Local Development Corporation (BAALDC).

NOTRE DAME APARTMENTS — HSI refinanced a HUD six million dollar, 9.25 percent interest mortgage for this 99-unit Bronx home for low-income seniors, the first HUD Sec. 202 project in NYC to be refinanced using taxable bonds and FHA 223(f) insurance. Bond proceeds will allow the owner to install grab bars and hand rails throughout all apartments, build a parking lot, and improve fire safety. It will also generate \$100,000 a year for on-site case management and educational and recreation programs.

AFFORDABLE HOUSING WITH SERVICES

HSI's **program management division** provides permanent supportive housing for special needs populations in safe environments. Case management, support groups, medical care, job readiness, recreation and food programs are offered to residents.

KENMORE HALL — After undergoing a \$34 million gut rehabilitation in 1999, this 326-unit facility provides permanent housing for single, low-income adults, many of whom suffer from mental illness, substance abuse and health issues. On-site medical and psychiatric services are provided by Visiting Nurse Services and the Psychiatric Project for Outreach to the Homeless. Kenmore Hall received a HUD Best Practice Award and was also a Finalist for a Fannie Mae Foundation Maxwell Award for Excellence.

2004-05 Highlights at the Kenmore include:

- The resident Bowling Team won its third consecutive championship in the Citywide SRO Bowling League, a project of Kenmore Hall and Casa Mutua.
- Spanish speaking residents participated in La Hora Latina, a monthly health information forum while other residents learned to speak Spanish and French at onsite language classes.

THE NARRAGANSETT — Purchased and renovated by HSI in 1994, the Narragansett provides permanent, supportive housing to 60 single adults living with HIV/AIDS and 40 low-income tenants. In addition to HSI's skilled social services staff, on-site mental health services are provided through a linkage with Project JOE of the Postgraduate Center.

2004-05 Highlights at the Narragansett include:

- With client input, launched a food program with Project Renewal's Comfort Foods. Comfort Foods employs formerly homeless graduates of its Culinary Arts Program.
- Initiated a linkage with Services for the Underserved, which provides on-site medical care to residents in the comfort of their own apartments.

THE CECIL HOTEL — Opened in 1988, the Cecil provides permanent housing to 89 formerly-homeless, single adults, most of whom are over the age of 55.

2004-05 Highlights at the Cecil include:

- Provided over 2,500 meals to residents through its extensive partnership network including Meals on Wheels, Meals on Heels, St. John the Divine, Community Food Source, and Riverside Church Pantry.
- Initiated an on-site "Speaker Series," in which community health and social service providers educate clients regarding the options available to them.

SCATTERED SITE PROGRAM — HSI oversees 20 permanent scattered-site apartments with supportive services for individuals and families with at least one member suffering from HIV/AIDS.

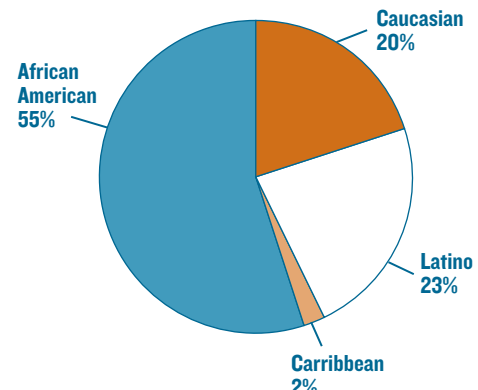
2004-05 Highlights at the Scattered Site Program include:

- Added a Substance Abuse Counselor/Case Manager to the staff, to provide individual and group substance abuse counseling.
- Initiated joint recreational activities with other HSI programs, giving clients the opportunity to meet, socialize, and form supportive relationships.

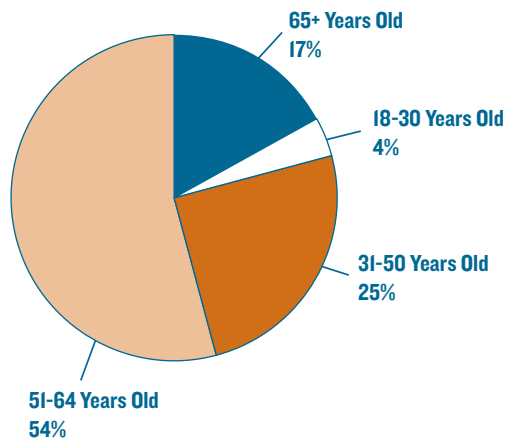


HSI Clients: The Year in Review

Ethnicity



Age of Residents



Profile of HSI Residents:

- 73% are men; 27% are women
- More than 21% are mentally ill
- More than 33% struggle with substance abuse issues
- More than 13% are known to be diagnosed with HIV/AIDS
- 10% are Veterans

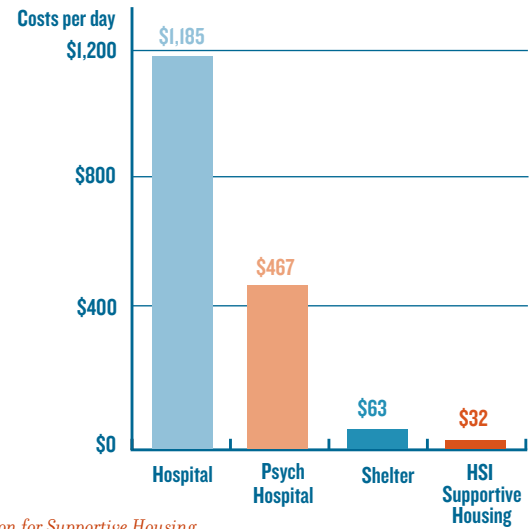
Programmatic Accomplishments in 2005:

- Maintained at least 95% Occupancy Rate across all sites
- Served 22,456 Meals to Residents
- Conducted 408 Support Group Meetings
- Held 50 Medical Outreach Sessions



Financial Statements

Cost of Homelessness vs. Permanent Supportive Housing



Source: Corporation for Supportive Housing

Board of Directors

Michael T. Cohen	Chairman
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Cliff Broder	Treasurer
Hadley Gold, Esq.	Secretary
Anne Davidson	Trustee
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Senior Staff

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Amir El-Hadidy	Chief Building Engineer
Linda High	Human Resources Manager
Molly Mattimore	Director of Site Operations
Howard Williams	Co-Director, Security
Jessica Ziegler	Director, Development & Communications

Summary Income and Expense Statement

HSI and Affiliates

For the year ended December 31, 2004

INCOME		EXPENSES	
Government grants	\$4,203,213	Social Services*	\$3,217,489
Private Grants	\$232,500	Housing Operations	\$2,389,734
Individual Giving	\$333,735	Housing Development	\$586,981
Consulting Fees	\$468,839	Management & General	\$835,884
Miscellaneous Income	\$173,916	Fundraising	\$126,568
Rent	\$1,840,165	Debt Service	\$386,508
Total Income	\$7,252,368	Total Expenses	\$7,543,164

*Social Services expenses include some residential program costs.

Notes: This analysis combines expenses and revenue for all HSI programs. Individual financial statements are available for each site. These projects consist of multiple corporate entities, some of which are 501(c)(3) tax exempt corporations and others are non-exempt entities that serve as vehicles for low income housing tax partnerships. Revenues and expenditures are presented on a **modified cash basis** partially extracted from audited financial statements. Large non-cash expenditures such as depreciation are excluded.

Public Support

New York City Department of Homeless Services
 New York City Department of Housing Preservation and Development
 New York City Human Resources Administration
 New York City Human Resources Administration HIV/AIDS Services Administration
 United States Department of Housing and Urban Development

For more information, visit our website at www.hsi-ny.org
 Or call Jessica Ziegler at (212) 252-9377 ext. 105
 or email jziegler@hsi-ny.org.

Private Support

\$75,000 +
 Deutsche Bank
\$25,000 - \$74,999
 Horace Goldsmith Foundation
\$20,000 - \$24,999
 Guardian Life Insurance
 CVA Williams
 JP Morgan Chase
 Louise Sunshine and Martin Begun Philanthropic Fund
 New York Community Trust
\$10,000 - \$19,999
 First American Title Insurance Company of New York
 LeBoeuf, Lamb, Greene & MacRae, LLP
 Marks Paneth & Shron, LLP
 Paul Weiss, Rifkind, Wharton & Garrison, LLP
 The Richman Group
 Signature Bank
 Washington Mutual, Inc.
\$5,000 - \$9,999
 Bank Of New York
 Baruch College, School of Public Affairs
 The Corcoran Group
 Constantine D&B Ltd.
 Counsel Abstract, Inc.
 Durst Organization
 Eko Complex, LLC
 The Edward L. Milstein Foundation
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 Hartz Mountain Industries, Inc.
 Highbridge-Woodycrest Center
 Kaye Insurance Associates, Inc.
 Kenmore Associates, LP
 Jack Lichtenstein
 The Litwin Foundation
 May and Samuel Rudin Family Foundation
 Newmark & Company Real Estate, Inc.
 Procidia Construction Corp.
 Regional Appraisal Associates, Inc.
 The Rudin Family
 Shaw Pitmann LLP
 The Sunshine Group
 Thor Equities
 Titan Capital, Inc.
 Gail Tomberg
 Tonio Burgos & Associates, Inc.
 Verizon Foundation
 West End Financial Advisors LLC
\$2,000 - \$4,999
 23rd Street Association, Inc.
 Paulette Bonanno
 Cannon, Heyman & Weiss, LLP
 Chem Rx
 Eastern Consolidated Properties, Inc.
 First American Title Insurance
 The Garden City Group, Inc.
 Hub International
 Joseph Rosen Foundation, Inc.
 KPMG LLP
 LandAmerica
 Meringoff Properties
 Nagelbush Mechanical
 NYU School of Medicine
 James M. Orphanides
 Robin Cohen Reinach
 Salomon Green & Ostrow, P.C.
 Swig Equities LLC
 WDF Inc. Mechanical Contractors
\$1,000 - \$1,999
 American Express Tax & Business Services, Inc.
 Angelo, Gordon & Co., L.P.
 Atlantic Bank of New York
 Avenue Asia Capital Management, LLC
 Bank of America
 Michael & Candace Barasch
 Benson Associates
 Stanley D. Bernstein
 Bevmax Office Centers
 The Brodsky Organization
 CharterMac Capital
 Chelnik Parking Co.
 Citrin, Cooperman & Company, LLP
 City & Suburban Federal Savings Bank
 The Community Preservation Corporation
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 Cook, Hall & Hyde, Inc.
 Anna Decker & Alan Lowentels
 Rand A. Diamond
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 eHomeCredit Corp
 James Fantaci
 Fine Consulting
 Gray Block Corporation
 Harrington, Inc.
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 Jean-Pierre & Rachel Lehmann
 Mahoney Cohen & Company, CPA, P.C.
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 Nixon, Peabody, LLP
 Park Avenue Charitable Fund
 John Parker
 Lewis Ranieri
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 Ropetmar Garage, Inc.
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 David Simson
 Sterling National Bank
 Szold & Brandwien, P.C.
 Tishman Speyer Properties
 Tri State Supply Company
 The Weeks Lehman Group
 Wen Management Corp
 Wolf Popper LLP
 World Class Management, Inc.
\$500 - \$999
 i85 Madison LLC
 900 Eighth Avenue Condominium, LLC
 AB Partners
 Ambassador Construction Co. Inc
 American Building Maintenance Co.
 The American Jewish Committee
 American Red Cross of Greater NY
 Argus Protective Services, Ltd.
 Belkin Burden Wenig & Goldman, LLP
 Belmont Arthur Avenue LDC
 Bernstein Liebhard & Lifshitz, LLP
 Martin Bresler
 BWD Group LLC
 Capalino+Company
 Caran Properties, Inc.
 The Community Development Trust
 Community Environmental Center, Inc.
 Construction & General Building Laborer, Local 79
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 DOAR Communications
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 Efficient Electrical Technologies, Inc.
 ERE LLP
 Essex Plaza Management Associates
 Fiscal Management Associates
 Fredrick Furniture Company
 Friedman & Gothaum, LLP
 Fulvio & Associates, LLP
 George Arzi Communications, Inc.
 The Gould-Shenfield Family Foundation
 Grotta, Glassman & Hoffman, P.A.
 Hofheimer Gartler & Gross, LLP
 Houghlin & Knight, LLP
 Hoyos Group
 Independence Community Bank
 Ishaia Trading Corp.
 Jewish Community Relations Council of NY
 Jim Electric Corp
 Joan T. Washburn Gallery
 Jodi Maxon Realty
 Jonathan Rose Companies, Inc.
 Kamm Rance Company
 Kramer Levin Nafalis & Frankel LLP
 Michael Lazar
 Lehr Construction Corp.
 Linden Alschuler & Kaplan, Inc.
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 Main Norse Realty
 Marcus & Pollack, LLP
 The Marino Organization Inc.
 Mattone Group, LLC
 Merrill Lynch
 Metropolitan National Bank
 Modell's, Inc.
 New Roads Realty Corp.
 New York Board of Rabbis
 NYU Hospitals Center
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 Phoenix Builders, Inc.
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 Red Dog Maintenance
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 Robert F Wright Associates Inc.
 Rosen Kleiman & Co., P.C.
 Ruffo Tabora Maine & McKay P.C.
 Dov Schlein
 Schwalbe Family & Hilsman Management Corp.
 Silver Huntington Enterprises, LLC
 Smith, Buss & Jacobs LLP
 Strauss Paper Company
 Taconic Investment Partners LLC

United Refining Company
 Universal Moving and Storage
 Walter & Samuels, Inc.
 Marcia Warner
 William Sadlier, Inc.
 Wilson, Elser, Moskowitz, Edelman & Ducker LLP
 Norman Wolf
 Evelyn J. Wolff
 YAI/National Institute for People with Disabilities
 Alan Zaretsky
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 David Adelpour
 Andrew H. Roos
 Ropetmar Garage, Inc.
 Rothstein, Kass & Co., P.C.
 American Christmas Decorations
 Archimuse
 Argus Advisors International LLC
 A.R. Knitwear Co., Inc.
 Associated Builders and Contractors
 Associated Realty
 ATF Harry J. Brown Jr. Revocable Trust
 Avenue Capital Management
 Ben-Lee Distributors
 Bisconti, Toback & Company
 BPM
 Honorable Gale A. Brewer
 Ceebraid-Signal Management Group, LLC
 Citibank, N.A.
 Citi-Urban Management Corp.
 Commercial Developments International
 East Inc.
 Caren & Dr. Arturo Constantine
 Cornell Pace, Inc.
 Jane R. Crotty
 Cushman & Wakefield, Inc.
 DelBello Donnellan Weingarten Tartaglia & Wiederkehr, LLP
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 DS-WFC Operating Co., Inc.
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 Fairfield Properties
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 Full Security
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 Lawrence and Carol Hulack
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 Janet Moss
 Newmark New Spectrum Retail, LLC
 New York Housing Conference
 North Fork Bank
 Personnel Consulting Associates, Inc.
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 REBNY Foundation
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 Roger Strong
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 Supportive Housing Network of New York
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