

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000950123-94-000916**

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FILER

STARRETT HOUSING CORP

CIK: **93675** | IRS No.: **135411123** | State of Incorporation: **NY** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-06736** | Film No.: **94528240**
SIC: **1531** Operative builders

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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1994

Commission File No. 1-6736

STARRETT HOUSING CORPORATION

(Exact Name of Registrant as specified in its charter)

NEW YORK	13-5411123
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
909 THIRD AVENUE, NEW YORK, NEW YORK	10022
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	(212) 751-3100

NONE

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes X No___

Indicate the number of shares outstanding of each of the issuer's classes of
common stock as of the latest practicable date.

6,566,585 shares of common stock.

STARRETT HOUSING CORPORATION AND SUBSIDIARIES

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STARRETT HOUSING CORPORATION AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED FINANCIAL POSITION
MARCH 31, 1994
(In Thousands)
(Unaudited)

<TABLE>	
<S>	<C>
ASSETS:	
Cash and cash equivalents	\$ 17,029
U.S. Treasury/Certificates of Deposit	305
Receivables	23,646
Inventory of real estate	55,691
Property and Equipment-Net	3,313
Land Held for Investment	2,197
Other Assets	12,616

Total	\$114,797
	=====
LIABILITIES AND EQUITY:	
Liabilities:	
Payable Within One Year:	
Accounts payable	\$ 10,506
Current portion of long-term obligations	5,626
Accrued liabilities	13,217

Total Liabilities Payable Within One Year	29,349
Deferred Income taxes	4,259
Deferred Revenues	2,795
Long-Term Obligations	35,880

Total	72,283

Common Stockholders' Equity	
Common stock-par value, \$1.00; authorized, 18,000 shares	6,566

Capital in excess of par value	23,933
Retained earnings	14,341
Pension liability adjustment	(736)
Shares held in treasury-at cost	1,590)

Common Stockholders' Equity	42,514

Total	\$114,797
	=====

</TABLE>

See Notes to Consolidated Financial Statements

STARRETT HOUSING CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION
(In Thousands)
(Unaudited)

<TABLE>
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	December 31, 1993

<S>	<C>
ASSETS	
Cash	\$ 12,171
U.S. Treasury/Certificates of Deposit	7,811
Receivable	22,724
Inventory of Real Estate	60,629
Other Assets	16,949

Total	\$120,284
	=====

LIABILITIES AND EQUITY

Accounts Payable	\$ 12,853
Other Liabilities	21,639
Deferred Revenues	2,940
Long-Term Debt	41,033
Common Stockholders' Equity	41,819

Total	\$120,284
	=====

</TABLE>

See Notes to Consolidated Financial Statements

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STARRETT HOUSING CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMMON STOCKHOLDERS' EQUITY
(In Thousands Except Share Data)
(Unaudited)

<TABLE>
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	March 31, 1994	December 31, 1993
	-----	-----
<S>	<C>	<C>
Common Stock - Par Value, \$1.00; Authorized, 18,000,000 shares; Issued, 6,566,585 shares	\$ 6,566	\$ 6,566
Capital in Excess of Par Value	23,933	23,933
Retained Earnings	14,341	13,646
Pension Liability Adjustment	(736)	(736)
Less: Shares Held in Treasury - at cost; 1994, 305,427 and 1993, 305,427 shares	(1,590)	(1,590)
	-----	-----
TOTAL COMMON STOCKHOLDERS' EQUITY	\$ 42,514	\$ 41,819
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

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STARRETT HOUSING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED OPERATIONS
For The Three Months Ended March 31, 1994 and 1993
(In Thousands Except Per Share Data)
(Unaudited)

<TABLE>
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	1994	1993
	-----	-----
<S>	<C>	<C>
Revenues	\$ 27,395	\$ 26,931
Construction Costs	15,415	15,254
	-----	-----

Income from Construction Contracts and

Related Revenues	11,980	11,677
	-----	-----
Expenses:		
General and Administrative	6,057	6,221
Security Service Labor and Other Costs	2,186	2,092
Selling	1,097	1,383
Mortgage and Closing Costs	1,175	902
Interest	165	217
Loss from Rental Operations-Net		159
	-----	-----
Total	10,680	10,974
	-----	-----
Income before Income Taxes	1,300	703
Income Taxes	605	379
	-----	-----
Net Income	\$ 695	\$ 324
	=====	=====
Earnings per Common Share:		
Net Income	\$.11	\$.05
	=====	=====
Weighted average number of shares	6,261	6,399
	=====	=====
Cash Dividends per Share	None	None
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

STARRETT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Three Months Ended March 31, 1994 and 1993
(In Thousands)
(Unaudited)

<TABLE>		
<CAPTION>		
	1994	1993
	-----	-----
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net Income	\$ 695	\$ 324
Adjustments to Reconcile Income to Net Cash		
Provided by Operating Activities:		
Depreciation and amortization	517	660
Deferred income taxes	151	323
Gain on sale of rental facilities		195
Changes in Operating Assets and Liabilities:		
Receivables	(922)	3,235
Inventories	4,977	2,301
Account payable	(2,347)	(2,341)

Other assets	(1,245)	1,006
Accrued liabilities	2,182	(295)
Deferred revenues	(145)	(441)
	-----	-----
Cash Provided by Operating Activities	3,863	4,967
	-----	-----
INVESTING ACTIVITIES:		
Investments in and Advances to Partnerships	(260)	(1,121)
U.S. Treasury/Certificates of Deposit	7,506	2,888
Purchase of Property and Equipment	(228)	(124)
Proceeds (payments) relating to sale of rental and other property and equipment, net		(414)
	-----	-----
Net Cash Provided by Investing Activities	7,018	1,229
	-----	-----
FINANCING ACTIVITIES:		
Repayment of Notes and Mortgage Payables	(4,556)	(5,902)
Payments of Promissory Notes	(1,467)	(5,846)
Purchase of Treasury Stock		(8)
	-----	-----
Net Cash Used In Financing Activities	(6,023)	(11,756)
	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	4,858	(5,560)
Cash and Cash Equivalents Beginning of Period	12,171	11,624
	-----	-----
Cash and Cash Equivalents End of Period	\$17,029	\$ 6,064
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

STARRETT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Starrett Housing Corporation and its subsidiaries have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The consolidated financial statements as of and for the three months ended March 31, 1994 and 1993 are unaudited and are subject to year-end audit and adjustments. The results of operations for the interim periods are not necessarily indicative of the results of operations for the fiscal year. For comparability purposes, certain 1993 amounts have been reclassified to conform with the 1994 classifications. For further information, refer to the consolidated financial statements and footnotes included thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 1993.

MANAGEMENT'S DISCUSSION OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS
COMPARISON OF THREE MONTHS ENDED MARCH 31, 1994 AND 1993

During the three months ended March 31, 1994 the Company had income from operations of \$1,300,000 as compared with \$703,000 in 1993, and net income of \$695,000 or \$.11 a share for the three months ended March 31, 1994 as compared with \$324,000 or \$.05 a share for the similar period in 1993. Earnings per share were based on average shares outstanding of 6,261,000 and 6,399,000 in 1994 and 1993, respectively.

The increase in income was primarily attributable to Levitt Corporation. Levitt's backlog increased from \$32,320,000 or 232 units at December 31, 1993 to \$79,527,000 or 528 units at March 31, 1994. Levitt's sales (new contracts) during the three months ended March 31, 1994 increased to \$57,353,000 or 371 units from \$32,887,000 or 224 units for the similar period in 1993. The March 31, 1994 backlog and sales for the three months ended March 31, 1994 include \$9,348,000 and 60 units relating to a joint venture in which Levitt has a 50% interest. Levitt's sales increased in both its Puerto Rico and Florida regions.

Levitt's gross profit margin increased in 1994 compared with 1993. The increase is due to higher selling prices and a greater proportion of houses delivered in the Puerto Rico region, where gross profits are higher as compared to the domestic region. The Company anticipates that sales in Florida during 1994, which have been made at increased profit margins, will be reflected in income during the fall of 1994.

The Company's management and development division reported a small profit and its construction division reported a small loss for the quarter ended March 31, 1994.

The Company has three projects located on the Upper West Side of Manhattan, in which it has a 50% residual partnership interest, with respect to which the Company has made application for incentives under the Low Income Housing Preservation and Resident Homeownership Act ("LIHPRHA"). On April 28, 1993, HUD provided the Partnership with a Value Determination Letter for the first of its projects establishing a substantial value for the project, and in August and October 1993 HUD provided technical comments on the Plan of Action necessary to complete the processing. HUD has notified the Company that it is reversing its prior Value Determination and consequently will require the Partnership to reprocess the project, using a different formula for valuation, presently being developed by HUD. Under HUD's revised formula, the project may have a substantially diminished value. The Company disagrees with the reversal of HUD's prior Value Determination position, has so notified HUD and discussions are in process regarding this matter. In light of the foregoing, the amount of cash proceeds and profits, if any, the Company could receive for its 50% residual interest in the project as well as the time

required to complete the processing is uncertain. The revised HUD position also affects processing under LIHPRHA for the two similar projects in which the Company owns a 50% residual interest located on the Upper West Side of Manhattan. If sustained, the revised HUD position will affect all New York projects of a similar nature.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STARRETT HOUSING CORPORATION
(Registrant)

s/ Paul Milstein

Paul Milstein - Chairman

s/ Lewis A. Weinfeld

Lewis A. Weinfeld - Senior Vice
President and Treasurer
(Principal Accounting Officer)

DATE: May 13, 1994

EXHIBIT A

STARRETT HOUSING CORPORATION AND SUBSIDIARIES
EXHIBIT SETTING FORTH THE COMPUTATION OF PRIMARY
EARNINGS PER SHARE INFORMATION
(In Thousands Except Per Share Amounts)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	----- 1994 -----	----- 1993 -----
	<C>	<C>
<S> Weighted average number of shares outstanding during the period	6,261 =====	6,399 =====
 Net Income	 \$695 =====	 \$324 =====

Primary earnings per share:

Net Income	\$.11	\$.05
	====	====

</TABLE>