UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10Q

[X] Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For quarterly period ended JANUARY 31, 1999 or

[ ] Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Commission file number 1-8551

Hovnanian Enterprises, Inc.
(Exact name of registrant as specified in its charter)

Delaware	22-1851059
(State or other jurisdiction or incorporation or organization)	(I.R.S. Employer Identification No.)

10 Highway 35, P.O. Box 500, Red Bank, N. J. 07701
(Address of principal executive offices)

732-747-7800
(Registrant's telephone number, including area code)
Same
(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 Sections 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. 13,647,087 Class A Common Shares and 7,675,333 Class B Common Shares were outstanding as of March 5, 1999.

HOVNANIAN ENTERPRISES, INC.

FORM 10Q

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Item 6(b). Exhibit 27 - Financial Data Schedules

Item 6(c). No reports on Form 8K have been filed during the quarter for which this report is filed.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands)

ASSETS	January 31, 1999	October 31, 1998
Homebuilding:		
Cash and cash equivalents	$ 12,095	$ 13,306
Inventories - At cost, not in excess of fair value:		
Sold and unsold homes and lots under development	364,716	332,225
Land and land options held for future development or sale	35,325	43,508
Total Inventories	400,041	375,733
Receivables, deposits, and notes	42,396	29,490
Property, plant, and equipment - net	17,317	16,831
Prepaid expenses and other assets	31,774	32,650
Total Homebuilding	503,623	468,010
Financial Services:		
Cash and cash equivalents	1,768	1,486
Mortgage loans held for sale	62,502	71,611
Other assets	3,672	3,717
Total Financial Services	67,942	76,814
Investment Properties:		
Held for sale:		
Rental property - net		
Land and improvements	107	17,832
Other assets	946	295
Held for investment:		
Cash	509	762
Rental property - net	10,873	10,794
Other assets	977	868
Total Investment Properties	13,412	30,551
Collateralized Mortgage Financing:		
Collateral for bonds payable	5,902	5,970
Other assets	438	426
Total Collateralized Mortgage Financing	6,340	6,396
Income Taxes Receivable - Including deferred tax benefits	5,769	7,331
Total Assets	$597,086	$589,102

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In Thousands)

	January 31, 1999	October 31, 1998
LIABILITIES AND STOCKHOLDERS'EQUITY		
Homebuilding:		
Nonrecourse land mortgages	$ 8,192	$ 11,846
Accounts payable and other liabilities	47,811	53,765
Customers' deposits	21,765	23,857
Nonrecourse mortgages secured by operating properties	3,743	3,770
Total Homebuilding	81,511	93,238
Financial Services:		
Accounts payable and other liabilities	1,677	2,422
Mortgage warehouse line of credit	59,119	66,666
Total Financial Services	60,796	69,088
Investment Properties:		
Accounts payable and other liabilities	1,360	1,373
Total Investment Properties	1,360	1,373
Collateralized Mortgage Financing:		
Accounts payable and other liabilities	17	6
Bonds collateralized by mortgages receivable	5,582	5,652
Total Collateralized Mortgage Financing	5,599	5,658
Notes Payable:		
Revolving credit agreement	92,225	68,000
Subordinated notes	145,449	145,449
Accrued interest	4,122	4,904
Total Notes Payable	241,796	218,353
Total Liabilities	391,062	387,710
Stockholders' Equity:		
Preferred Stock,$.01 par value-authorized 100,000 shares; none issued		
Common Stock,Class A,$.01 par value-authorized 87,000,000 shares; issued 15,822,964 shares (including 2,118,274 shares in January 1999 and 1,937,374 in October 1998 held in Treasury)	158	157
Common Stock,Class B,$.01 par value-authorized 13,000,000 shares; issued 8,025,504 shares (including 345,874 shares held in Treasury)	79	80
Paid in Capital	34,590	34,561
Retained Earnings	189,310	183,182
Treasury Stock - at cost	(18,113)	(16,588)
Total Stockholders' Equity	206,024	201,392
Total Liabilities and Stockholders' Equity	$597,086	$589,102

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Per Share Data)

	Three Months Ended January 31,	
	1999	1998
Revenues:		
Homebuilding:		
Sale of homes	$194,885	$204,057
Land sales and other revenues	2,441	2,485

Total Homebuilding	197,326	206,542
Financial Services	5,658	3,562
Investment Properties	359	3,644
Collateralized Mortgage Financing	136	212
Total Revenues	203,479	213,960
Expenses:		
Homebuilding:		
Cost of sales	155,587	169,800
Selling, general and administrative	17,534	15,657
Inventory write-off		1,589
Total Homebuilding	173,121	187,046
Financial Services	5,242	3,211
Investment Properties	779	1,123
Collateralized Mortgage Financing	131	202
Corporate General and Administration	6,435	4,361
Interest	7,042	8,476
Other Operations	551	523
Total Expenses	193,301	204,942
Income Before Income Taxes	10,178	9,018
State and Federal Income Taxes:		
State	1,488	648
Federal	2,562	2,457
Total Taxes	4,050	3,105
Net Income	$ 6,128	$ 5,913
Per Share Data:		
Basic:		
Income per common share	$ 0.28	$ 0.27
Weighted average number of common shares outstanding	21,512	21,834
Assuming dilution:		
Income per common share	0.28	0.27
Weighted average number of common Shares outstanding	21,725	21,985

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars In Thousands)

	A Common Stock		B Common Stock					
	Shares Issued and Outstanding	Amount	Shares Issued and Outstanding	Amount	Paid-In Capital	Retained Earnings	Treasury Stock	Total
Balance, October 31, 1998	13,865,923	$157	7,694,297	$80	$34,561	$183,182	($16,588)	$201,392
Sale of Common Stock Under Employee Stock Option Plan	5,000				29			29
Conversion of Class B to Class A Common Stock	14,667	1	(14,667)	(1)				-
Treasury stock purchases	(180,900)						(1,525)	(1,525)
Net Income						6,128		6,128
Balance, January 31, 1999	13,704,690	$158	7,679,630	$79	$34,590	$189,310	($18,113)	$206,024

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Three Months Ended January 31, 1999	Three Months Ended January 31, 1998
Cash Flows From Operating Activities:		
Net Income	$ 6,128	$ 5,913
Adjustments to reconcile net income to net cash Provided by (used in) operating activities:		
Depreciation	1,200	917
Loss (gain) on sale and retirement of property and assets	393	(2,682)
Deferred income taxes	2,617	1,720
Impairment losses		1,589
Decrease (increase) in assets:		
Receivables, prepaids and other assets	(12,964)	(14,419)
Mortgage notes receivable	9,289	21,517
Inventories	(25,345)	(289)
Increase (decrease) in liabilities:		
State and Federal income taxes	(1,055)	5
Customers' deposits	(2,199)	(1,031)
Interest and other accrued liabilities	(3,689)	(1,490)
Post development completion costs	(608)	(603)
Accounts payable	(3,078)	(6,679)
Net cash (used in) provided by operating activities	(29,311)	4,468
Cash Flows From Investing Activities:		
Net proceeds from sale of property and assets	19,226	23,078
Purchase of property	(1,576)	(477)
Investment in and advances to unconsolidated affiliates	(4)	393
Investment in income producing properties	(1,016)	(4,672)
Net cash provided by investing activities	16,630	18,322
Cash Flows From Financing Activities:		
Proceeds from mortgages and notes	179,965	129,564
Principal payments on mortgages and notes	(167,040)	(152,730)
Investment in mortgage notes receivable	70	587
Purchase of treasury stock	(1,525)	(457)
Proceeds from sale of stock	29	
Net cash provided by (used in) financing activities	11,499	(23,036)
Net Increase (Decrease) In Cash	(1,182)	(246)
Cash and Cash Equivalent and Balance, Beginning Of Period	15,554	11,313
Cash and Cash Equivalent and Balance, End Of Period	$ 14,372	$ 11,067

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. The consolidated financial statements, except for the October 31, 1998 consolidated balance sheets, have been prepared without audit. In the opinion of management, all adjustments for interim periods presented have been made, which include only normal recurring accruals and deferrals necessary for a fair presentation of consolidated financial position, results of operations, and changes in cash flows. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and these differences could have a significant impact on the financial

statements. Results for the interim periods are not necessarily indicative of the results which might be expected for a full year.

2. Interest costs incurred, expensed and capitalized were:

	Three Months Ended January 31,	
	1999	1998
	(Dollars in Thousands)	
Interest Incurred (1):		
Residential (3)	$ 4,699	$ 6,642
Commercial(4)	356	679
Total Incurred	$ 5,055	$ 7,321
Interest Expensed:		
Residential (3)	$ 6,686	$ 7,797
Commercial (4)	356	679
Total Expensed	$ 7,042	$ 8,476
Interest Capitalized at Beginning of Period	$ 25,545	$ 35,950
Plus Interest Incurred	5,055	7,321
Less Interest Expensed	7,042	8,476
Less Inventory Write-Off	-	460
Less Sale of Assets	1,469	3,640
Interest Capitalized at End of Period	$ 22,089	$ 30,695
Interest Capitalized at End of Period:		
Residential(3)	$ 21,881	$ 28,189
Commercial(2)	208	2,506
Total Capitalized	$ 22,089	$ 30,695

(1) Does not include interest incurred by the Company's mortgage and finance subsidiaries.
(2) Does not include a reduction for depreciation.
(3) Represents acquisition interest for construction, land and development costs which is charged to interest expense when homes are delivered and when land is not under active development.
(4) Represents interest allocated to or incurred on long term debt for investment properties and charged to interest expense.

3. Homebuilding accumulated depreciation at January 31, 1999 and October 31, 1998 amounted to $16,083,000 and $15,088,000, respectively. Rental property accumulated depreciation at January 31, 1999 and October 31, 1998 amounted to $1,909,000 and $1,826,000, respectively.

4. During the three months ended January 31, 1998 the Company has written off the costs associated with an option in New Jersey including approval, engineering and capitalized interest. The write off amounted to $1,589,000 and is reported on the Consolidated Statements of Income as "Homebuilding - Inventory Write-Off."

5. The Company is involved from time to time in litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on the Company. As of January 31, 1999 and 1998, respectively, the Company is obligated under various performance letters of credit amounting to $6,868,000 and $9,240,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAPITAL RESOURCES AND LIQUIDITY

The Company's uses for cash during the three months ended January 31, 1999 were for operating expenses, increases in housing inventories, construction, income taxes, interest, and the repurchase of common stock. The Company provided for its cash requirements from the revolving credit facility, housing and land sales, sales of commercial properties, financial service fees, and other revenues. The Company believes that these sources of cash are sufficient to finance its working capital requirements and other needs.

In December 1998 the Board of Directors authorized a stock repurchase program to purchase up to 3 million shares of Class A Common Stock. This authorization expires on December 31, 2000. As of January 31, 1999, 1,772,400 shares were repurchased under this program of which 180,900 were purchased during the three months ended January 31, 1999.

The Company's bank borrowings are made pursuant to a revolving credit agreement (the "Agreement") that provides a revolving credit line of up to $280,000,000 (the "Revolving Credit Facility") through July 2001. Interest is payable monthly and at various rates of either the prime rate or Libor plus 1.45%. The Company believes that it will be able either to extend the Agreement beyond July 2001 or negotiate a replacement facility, but there can be no assurance of such extension or replacement facility. The Company currently is in compliance and intends to maintain compliance with its covenants under the Agreement. As of January 31, 1999, borrowings under the Agreement were $92,225,000.

The aggregate principal amount of subordinated indebtedness issued by the Company and outstanding as of January 31, 1999 was $145,449,000. Payments of $45,449,000 and $100,000,000 are due in April 2002 and June 2005, respectively.

The Company's mortgage banking subsidiary borrows under a bank warehousing arrangement. Other finance subsidiaries formerly borrowed from a multi-builder owned financial corporation and a builder owned financial corporation to finance mortgage backed securities, but in fiscal 1988 decided to cease further borrowing from multi-builder and builder owned financial corporations. These non-recourse borrowings have been generally secured by mortgage loans originated by one of the Company's subsidiaries. As of January 31, 1999, the aggregate principal amount of all such borrowings was $64,701,000.

The book value of the Company's residential inventories, rental condominiums, and commercial properties completed and under development amounted to the following:

	January 31, 1999	October 31, 1998
Residential real estate inventory..........	$400,041,000	$375,733,000
Senior residential rental property.........	10,873,000	10,794,000
Total Residential Real Estate...........	410,914,000	386,527,000
Commercial properties.....................	107,000	17,832,000
Combined Total..........................	$411,021,000	$404,359,000

Total residential real estate increased $24,387,000 during the three months ended January 31, 1999 primarily as a result of an inventory increase of $24,308,000. Substantially all residential homes under construction or completed and included in real estate inventory at January 31, 1999 are expected to be closed during the next twelve months. Most residential real estate completed or under development is financed through the Company's line of credit and subordinated indebtedness.

The following table summarizes housing lots in the Company's active selling communities under development (including Poland):

	Commun-ities	Approved Lots	Homes Deliv-ered	(1) Contracted Not Delivered	(2) Remaining Home Sites Available
January 31, 1999......	75	17,303	6,036	1,557	9,710
October 31, 1998......	84	17,020	6,553	1,672	8,795

(1) Includes 29 and 8 lots under option at January 31, 1999 and October 31, 1998, respectively.

(2) Of the total home lots available, 422 and 460 were under construction or complete (including 47 and 54 models and sales offices), 4,863 and 4,570 were under option, and 288 and 330 were financed through purchase money mortgages at January 31, 1999 and October 31, 1998, respectively.

In addition, at January 31, 1999 and October 31, 1998, respectively, in substantially completed or suspended communities, the Company owned or had under option 145 and 283 home lots. The Company also controls a supply of land primarily through options for future development. This land is consistent with anticipated home building requirements in its housing markets. At January 31, 1999 the Company controlled such land to build 10,899 proposed homes, compared to 10,963 homes at October 31, 1998.

The following table summarizes the Company's started or completed unsold homes in active, substantially complete and suspended communities:

	January 31, 1999			October 31, 1998		
	Unsold Homes	Models	Total	Unsold Homes	Models	Total
Northeast Region....	175	10	185	180	16	196
North Carolina......	108	--	108	93	--	93
Florida.............	16	6	22	24	6	30
Virginia............	11	9	20	23	11	34
California..........	72	22	94	78	21	99
Poland..............	6	--	6	11	--	11
Total	388	47	435	409	54	463

Collateral Mortgage Financing - Collateral for bonds payable consist of collateralized mortgages receivable which are pledged against non-recourse collateralized mortgage obligations. Financial Services - Mortgage loans held for sale consist of residential mortgages receivable of which $61,895,000 and $71,002,000 at January 31, 1999 and October 31, 1998, respectively, are being temporarily warehoused and awaiting sale in the secondary mortgage market. The balance of such mortgages is being held as an investment by the Company. The Company may incur risk with respect to mortgages that are delinquent, but only to the extent the losses are not covered by mortgage insurance or resale value of the house. Historically, the Company has incurred minimal credit losses.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JANUARY 31, 1999 COMPARED TO THE THREE MONTHS ENDED JANUARY 31, 1998

The Company's operations consist primarily of residential housing development and sales in its Northeast Region (comprising of New Jersey, southern New York State and eastern Pennsylvania), North Carolina, southeastern Florida, northern Virginia, southern California and Poland. In addition, the Company provides financial services to its homebuilding customers and third parties.

Important indicators of the future results of the Company are recently signed contracts and home contract backlog for future deliveries. The Company's sales contracts and homes in contract (using base sales prices) by market area is set forth below:

	Sales Contracts for the Three Months Ended January 31,		Contract Backlog as of January 31,	
	1999	1998	1999	1998
	(Dollars in Thousands)			
Northeast Region:				
Dollars.............	$ 90,163	$ 98,814	$250,181	$242,604
Homes...............	402	488	1,056	1,135
North Carolina:				
Dollars.............	$ 31,111	$ 23,903	$ 50,899	$ 44,136
Homes...............	150	133	231	230
Florida:				
Dollars.............	$ 11,530	$ 7,802	$ 18,655	$ 24,164
Homes...............	53	43	88	140
Virginia:				
Dollars.............	$ 11,077	$ 3,866	$ 24,621	$ 5,967
Homes...............	50	15	111	22
California:				
Dollars.............	$ 17,817	$ 18,769	$ 21,659	$ 22,115
Homes...............	94	93	110	113

Poland:				
Dollars.............	$ 482	$ 1,277	$ 428	$ 3,673
Homes...............	5	16	3	48
Totals:				
Dollars.............	$162,180	$154,431	$366,443	$342,659
Homes...............	754	788	1,599	1,688

Total Revenues:

Revenues for the three months ended January 31, 1999 decreased $10.5 million or 4.9%, compared to the same period last year. This was the result of a $9.2 million decrease in revenues from the sale of homes, a $0.1 million decrease in land sales and other homebuilding revenues, and a $3.3 million decrease in investment properties revenues. These decreases were partially offset by a $2.1 million increase in financial services revenues.

Homebuilding:

Revenues from the sale of homes decreased $9.2 million or 4.5% during the three months ended January 31, 1999, compared to the same period last year. Revenues from sales of homes are recorded at the time each home is delivered and title and possession have been transferred to the buyer.

Information on homes delivered by market area is set forth below:

	Three Months Ended January 31,	
	1999	1998
	(Dollars in Thousands)	
Northeast Region:		
Housing Revenues.....	$126,683	$139,011
Homes Delivered......	478	640
North Carolina:		
Housing Revenues.....	$ 29,080	$ 25,676
Homes Delivered......	154	135
Florida:		
Housing Revenues.....	$ 8,333	$ 9,512
Homes Delivered......	38	53
Virginia:		
Housing Revenues.....	$ 12,547	$ 6,118
Homes Delivered......	54	20
California:		
Housing Revenues.....	$ 17,311	$ 23,121
Homes Delivered......	103	117
Poland:		
Housing Revenues.....	$ 931	$ 619
Homes Delivered......	9	7
Totals:		
Housing Revenues.....	$194,885	$204,057
Homes Delivered......	836	972

The 14.0% decrease in the number of homes delivered compared to the prior year was primarily due to the decreases in the Company's Northeast Region. The decrease in deliveries in the Northeast region was primarily due to a reduced number of communities during the three months ended January 31, 1999 compared to the same period last year. This decline is temporary as the Northeast region has new communities opening later this year. The decrease in housing revenues was only 4.5% compared to the prior year. The decrease in housing revenues was not as great as the decrease in the number of homes delivered due to higher average home prices. Average home prices increased to $233,117 in 1999 compared to $209,935 in 1998. This increase was primarily due to the Northeast Region where the Company is delivering homes in some newer, expensive communities. In addition, in all of its markets, the Company is selling more options resulting in higher prices.

Cost of sales includes expenses for housing and land and lot sales. A breakout of such expenses for housing sales and housing gross margin is set forth below:

	Three Months Ended January 31, 1999	1998
	(Dollars in Thousands)	
Sale of Homes...............	$194,885	$204,057
Cost of Sales...............	154,249	168,528
Housing Gross Margin.........	$ 40,636	$ 35,529
Gross Margin Percentage......	20.9%	17.4%

Cost of Sales expenses as a percentage of home sales revenues are presented below:

	Three Months Ended January 31, 1999	1998
Sale of Homes...............	100.0%	100.0%
Cost of Sales:		
Housing, land & development costs....	70.9%	74.4%
Commissions...........	2.0%	1.8%
Financing concessions..	0.8%	0.7%
Overheads.............	5.4%	5.7%
Total Cost of Sales..........	79.1%	82.6%
Gross Margin................	20.9%	17.4%

The Company sells a variety of home types in various local communities, each yielding a different gross margin. As a result, depending on the mix of both communities and of home types delivered, consolidated quarterly gross margin will fluctuate up or down and may not be representative of the consolidated gross margin for the year. In addition, gross margin percentages are higher in the Northeast Region compared to the Company's other markets. For the three months ended January 31, 1999 the Company's gross margin increased 3.5% compared to the same period last year. This can be attributed to higher gross margins being achieved in each of the Company's markets except North Carolina, which was flat. Higher gross margins are primarily attributed to positive effects from process redesign and quality programs that reduced housing and land development costs, selective price increases or reduced selling incentives in the Company's stronger markets, and an increased percentage of deliveries from the better performing communities.

Selling, general, and administrative expenses as a percentage of total homebuilding revenues, increased to 8.9% for the three months ended January 31, 1999 from 7.6% for the prior year three months. Such expenses increased during the three months ended January 31, 1999 $1.9 million compared to the same period last year. The overall percentage and dollar increases in selling, general and administrative is due to decreased deliveries and increases in administrative costs primarily in the Company's Northeast Region, California, and Virginia.

Land Sales and Other Revenues:

Land sales and other revenues consist primarily of land and lot sales. A breakout of land and lot sales is set forth below:

	Three Months Ended January 31, 1999	1998
Land and Lot Sales...............	$ 1,327	$ 1,597
Cost of Sales....................	1,338	1,272
Land and Lot Sales Gross Margin...	(11)	325
Interest Expense.................	133	158
Land and Lot Sales Profit Before Tax............................	$ (144)	$ 167

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Land and lot sales are incidental to the Company's residential housing operations and are expected to continue in the future but may significantly fluctuate up or down.

Financial Services

Financial services consist primarily of originating mortgages from the Company's homebuyers, as well as from third parties, selling such mortgages in the secondary market and title insurance activities. For the three months ended January 31, 1999 financial services provided a $0.4 million pretax profit compared to a profit of $0.4 million in 1998. The Company's mortgage banking goals are to improve profitability by increasing the capture rate of its homebuyers and expanding its business to include originations from unrelated third parties. The Company has initiated efforts to originate mortgages from unrelated third parties and expects these third party loans to increase as a percentage of the Company's total loan volume over the next few years.

Investment Properties

Investment Properties consisted of rental properties, property management, and gains or losses from the sale of such property. At the end of the second quarter of 1997 the Company announced that it was planning an orderly exit from the investment properties business. During the three months ended January 31, 1999 the Company sold three land parcels for a total sales price of $20.8 million and recorded a loss before income taxes of $0.5 million. At January 31, 1999 all commercial facilities and land (except for one small parcel) have been liquidated. The Company is retaining two senior citizen residential rental communities.

Collateralized Mortgage Financing

In the years prior to February 29, 1988 the Company pledged mortgage loans originated by its mortgage banking subsidiaries against collateralized mortgage obligations ("CMO's"). Subsequently the Company discontinued its CMO program. As a result, CMO operations are diminishing as pledged loans are decreasing through principal amortization and loan payoffs, and related bonds are reduced. In recent years, as a result of bonds becoming callable, the Company has also sold a portion of its CMO pledged mortgages.

Corporate General and Administrative

Corporate general and administrative expenses includes the operations at the Company's headquarters in Red Bank, New Jersey. Such expenses include the Company's executive offices, information services, human resources, corporate accounting, training, treasury, process redesign, internal audit, and administration of insurance, quality, and safety. As a percentage of total revenues such expenses increased to 3.2% for the three months ended January 31, 1999 from 2.0% for the prior year three months. Corporate general and administrative expenses increased $2.1 million during the three months ended January 31, 1999 compared to the same period last year. This increase is primarily attributed to increased process redesign costs associated with the design and development of streamlined business processes associated with the implementation of SAP, our new enterprise wide fully integrated software package and increased depreciation of capitalized process redesign costs in prior years.

Interest

Interest expense includes housing, land and lot, and rental properties interest. Interest expense is broken down as follows:

	Three Months Ended January 31, 1999	Three Months Ended January 31, 1998
Sale of Homes	$ 6,553	$ 7,638
Land and Lot Sales	133	158
Rental Properties	356	680
Total	$ 7,042	$ 8,476

Housing interest as a percentage of sale of homes revenues amounted to 3.4%

for the three months ended January 31, 1999 compared to 3.8% for the three months ended January 31, 1998. The decrease in the percentage for the three months ended January 31, 1999 was primarily the result of the Company's lower debt levels. Lower debt levels are attributed to debt reductions resulting from cash generated by the liquidation of investment properties and income from fiscal 1998.

Other Operations

Other operations consist primarily of miscellaneous residential housing operations expenses, amortization of prepaid subordinated note issuance expenses and corporate owned life insurance loan interest.

Total Taxes

Total taxes as a percentage of income before taxes amounted to approximately 39.8% and 34.4% for the three months ended January 31, 1999 and 1998, respectively. The increase in this percentage from 1998 to 1999 is primarily attributed to higher state taxes and the elimination of certain federal tax benefits associated with the Company's corporate owned life insurance. Deferred federal and state income tax assets primarily represent the deferred tax benefits arising from temporary differences between book and tax income which will be recognized in future years.

Year 2000

The Company has assessed and formulated a plan to resolve its information technology ("IT") and non-IT system year 2000 issues. The Company has designated a full-time year 2000 project leader, engaged consultants to review and evaluate its plan, completed the identification of Company IT and non IT non-compliant systems, and evaluated subcontractors' and suppliers' state of readiness. The Company's plan has prioritized its efforts on its software systems and computer hardware equipment. The Company has upgraded, fixed or retired 95% of its critical non-compliant systems and expects to have the remaining critical IT software year 2000 capable and tested by June 30, 1999. All other Company IT and non-IT systems are not considered critical to Company operations, and if non-capable for year 2000, would only be an inconvenience. The Company does not anticipate the costs on implementation of its plan to have a material impact on future earnings and is expected to be funded through operations.

The Company is concerned about the readiness of its subcontractors and suppliers. The Company has communicated with 100% of these third parties. The Company has been informed 50% of the subcontractors and suppliers are year 2000 compliant, 35% are expected to be compliant by June 30, 1999 and the remaining compliant by September 30, 1999. If any of the third parties are not year 2000 compliant by September 30, 1999 and such third parties would have a substantial impact on the Company's operations, the Company will look to replace such subcontractors and suppliers. In most cases, the Company uses more than one subcontractor and supplier so it believes finding replacements will not be difficult.

The Company believes it is on track to solve its year 2000 issues. It does not believe it will have material lost revenues due to the year 2000 issues. Based on the above, it sees no need to develop a worst-case year 2000 scenario. However, the Company is in the process of developing year 2000 contingency plans which are approximately 80% complete.

Inflation

Inflation has a long-term effect on the Company because increasing costs of land, materials and labor result in increasing sale prices of its homes. In general, these price increases have been commensurate with the general rate of inflation in the Company's housing market and have not had a significant adverse effect on the sale of the Company's homes. A significant risk faced by the housing industry generally is that rising house costs, including land and interest costs, will substantially outpace increases in the income of potential purchasers. In recent years, in the price ranges in which it sells homes, the Company has not found this risk to be a significant problem.

Inflation has a lesser short-term effect on the Company because the Company generally negotiates fixed price contracts with its subcontractors and material suppliers for the construction of its homes. These prices usually are applicable for a specified number of residential buildings or for a time period of between four to twelve months. Construction costs for residential buildings represent approximately 56% of the Company's total costs and expenses.

Item 4. Submission to Matters to a Vote of Security Holders

The Company held its annual stockholders meeting on March 5, 1999 at 10:30 a.m. in the Board Room of the American Stock Exchange, 13th floor, 86 Trinity Place, New York, New York. The following matters were voted at the meeting:

. Election of all Directors to hold office until the next Annual Meeting of Stockholders. The elected Directors were:

.. Kevork S. Hovnanian
.. Ara K. Hovnanian
.. Paul W. Buchanan
.. Arthur Greenbaum
.. Desmond P. McDonald
.. Peter S. Reinhart
.. J. Larry Sorsby
.. Stephen D. Weinroth

. Ratification of selection of Ernst & Young, LLP as certified independent accountants for fiscal year ending October 31, 1999.

.. Votes For	84,894,504
.. Votes Against	96,946
.. Abstain	30,462

. Approval of the Company's Stock Incentive Plan.

.. Votes For	81,582,715
.. Votes Against	1,188,270
.. Abstain	49,935

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.

HOVNANIAN ENTERPRISES, INC.
(Registrant)

DATE: March 11, 1999

/S/J. LARRY SORSBY
J. Larry Sorsby,
Senior Vice President,
Treasurer and
Chief Financial Officer

DATE: March 11, 1999

/S/PAUL W. BUCHANAN
Paul W. Buchanan,
Senior Vice President
Corporate Controller

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3-MOS
OCT-31-1999
JAN-31-1999
13,863
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42,396
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33,400
16,083
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237
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597,086
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203,479
155,587
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10,178
4,050
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0
0
0
6,128
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0.28