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, 1997 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.)

l0 Highway 35, P.O. Box 500, Red Bank, N. J. 07701
(Address of principle executive offices)

908-747-7800
(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 (l) has filed all reports required to be filed by Sections l3 or l5(d) of the Securities Exchange Act of l934 during the preceding l2 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. 15,121,955 Class A Common Shares and 7,840,098 Class B Common Shares were outstanding as of March 10, 1997.

HOVNANIAN ENTERPRISES, INC.

FORM 10Q

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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, 1997	October 31, 1996
Homebuilding:		
Cash and cash equivalents	$ 10,322	$ 16,535
Inventories - At cost, not in excess of fair value:		
Sold and unsold homes and lots under development	326,621	314,630
Land and land options held for future development or sale	93,167	61,677
Total Inventories	419,788	376,307
Receivables, deposits, and notes	34,931	26,442
Property, plant, and equipment - net	18,408	18,251
Prepaid expenses and other assets	38,540	31,939
Total Homebuilding	521,989	469,474
Financial Services:		
Cash and cash equivalents	489	4,196
Mortgage loans held for sale	18,691	57,812
Other assets	1,985	3,217
Total Financial Services	21,165	65,225
Investment Properties:		
Rental property - net	51,418	51,892
Property under development or held for future development	13,546	13,502
Other assets	3,080	3,106
Investment in and advances to unconsolidated joint venture	145	186
Total Investment Properties	68,189	68,686
Collateralized Mortgage Financing:		
Collateral for bonds payable	9,104	9,478
Other assets	449	576
Total Collateralized Mortgage Financing	9,553	10,054
Income Taxes Receivable - Including deferred tax benefits	9,914	672
Total Assets	$630,810	$614,111

See notes to consolidated financial statements.

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

LIABILITIES AND STOCKHOLDERS' EQUITY	January 31, 1997	October 31, 1996

Homebuilding:		
Nonrecourse land mortgages	$ 23,008	$ 25,151
Accounts payable and other liabilities	32,515	45,146
Customers' deposits	18,260	12,371
Nonrecourse mortgages secured by operating properties	3,897	3,918
Total Homebuilding	77,680	86,586
Financial Services:		
Accounts payable and other liabilities	453	1,631
Mortgage warehouse line of credit	16,333	55,196
Total Financial Services	16,786	56,827
Investment Properties:		
Accounts payable and other liabilities	775	721
Nonrecourse mortgages secured by rental property	30,959	31,071
Total Investment Properties	31,734	31,792
Collateralized Mortgage Financing:		
Accounts payable and other liabilities	11	11
Bonds collateralized by mortgages receivable	8,759	9,231
Total Collateralized Mortgage Financing	8,770	9,242
Notes Payable:		
Revolving credit agreement	107,500	30,000
Subordinated notes	190,000	200,000
Accrued interest	6,492	6,042
Total Notes Payable	303,992	236,042
Total Liabilities	438,962	420,489
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 15,514,184 shares (including 345,874 shares held in Treasury)	155	155
Common Stock,Class B,$.01 par value-authorized 13,000,000 shares; issued 8,214,617 shares (including 345,874 shares held in Treasury)	82	82
Paid in Capital	33,935	33,935
Retained Earnings	162,975	164,749
Treasury Stock - at cost	(5,299)	(5,299)
Total Stockholders' Equity	191,848	193,622
Total Liabilities and Stockholders' Equity	$630,810	$614,111

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,	
	1997	1996
Revenues:		
Homebuilding:		
Sale of homes	$115,115	$108,570
Land sales and other revenues	960	1,931
Total Homebuilding	116,075	110,501
Financial Services	1,858	1,650
Investment Properties	2,227	4,541
Collateralized Mortgage Financing	193	447
Total Revenues	120,353	117,139

Expenses:		
Homebuilding:		
Cost of sales......................	100,217	94,082
Selling, general and administrative	9,896	8,225
Total Homebuilding...............	110,113	102,307
Financial Services..................	2,392	2,350
Investment Properties................	1,562	1,714
Collateralized Mortgage Financing....	247	475
Corporate General and Administration.	3,594	3,643
Interest............................	5,492	5,600
Other Operations.....................	808	734
Total Expenses...................	124,208	116,823
Income (Loss) Before Income Taxes......	(3,855)	316
State and Federal Income Taxes:		
State...............................	365	540
Federal.............................	(2,446)	(724)
Total Taxes........................	(2,081)	(184)
Net Income (Loss)......................	$ (1,774)	$ 500
Earnings (Loss) Per Common Share.......	$ (.08)	$ .02

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, 1996.	15,135,348	$155	7,901,705	$82	$33,935	$164,749	$(5,299)	$193,622
Conversion of Class B to								
Class A Common Stock....	32,962		(32,962)					
Net Loss.................						(1,774)		(1,774)
Balance, January 31, 1997.	15,168,310	$155	7,868,743	$82	$33,935	$162,975	$(5,299)	$191,848

See notes to consolidated financial statements.

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

	Three Months Ended January 31,	
	1997	1996
Cash Flows From Operating Activities:		
Net Income (Loss)................................	$ (1,774)	$ 500
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation..................................	1,351	1,229
Loss (gain) on sale and retirement of property and assets.................................		(2,114)
Deferred income taxes.........................	3,597	1,835
Decrease (increase) in assets:		
Escrow cash.................................	1,144	668
Receivables, prepaids and other assets........	(14,159)	(13,173)
Mortgage notes receivable....................	39,386	22,047
Inventories.................................	(43,481)	(31,145)
Increase (decrease) in liabilities:		

State and Federal income taxes	(12,839)	56
Customers' deposits	5,974	1,885
Interest and other accrued liabilities	(2,585)	(8,070)
Post development completion costs	(1,574)	(601)
Accounts payable	(9,216)	(11,558)
Net cash used in operating activities	(34,176)	(38,441)
Cash Flows From Investing Activities:		
Proceeds from sale of property and assets		10,400
Purchase of property	(971)	(1,448)
Investment in and advances to unconsolidated affiliates	35	3,188
Investment in income producing properties	(44)	(387)
Net cash used (provided by) in investing activities	(980)	11,753
Cash Flows From Financing Activities:		
Proceeds from mortgages and notes	235,077	145,935
Principal payments on mortgages and notes	(199,203)	(126,770)
Principal payments on subordinated debt	(10,000)	
Investment in mortgage notes receivable	374	640
Net cash provided by financing activities	26,248	19,805
Net Decrease In Cash	(8,908)	(6,883)
Cash Balance, Beginning Of Period	15,323	11,914
Cash Balance, End Of Period	$ 6,415	$ 5,031

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, 1996 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. Results for the interim periods are not necessarily indicative of the results which might be expected for a full year.

2. Certain expenses which had been previously reported as selling, general and administration were reclassified to cost of sales. These costs include sales commissions, buyer concessions, the amortization of prepaid selling expenses, property taxes and condominium association subsidies. The amount reclassified for the quarter ended January 31, 1996 was $5,787,000. In addition, the revenues and expenses of the Company's title division have been reclassified out of homebuilding and other operations, respectively, into the financial services section of the consolidated statements of income. The amount of title revenues and expenses reclassified for the quarter ended January 31, 1996 was $529,000 and $536,000, respectively.

3. Interest costs incurred, expensed and capitalized were:

	Three Months Ended January 31,	
	1997	1996
	(Dollars in Thousands)	
Interest Incurred (1):		
Residential (3)	$ 6,584	$ 7,085
Commercial(4)	1,317	1,510
Total Incurred	$ 7,901	$ 8,595
Interest Expensed:		
Residential (3)	$ 4,175	$ 4,090
Commercial (4)	1,317	1,510
Total Expensed	$ 5,492	$ 5,600
Interest Capitalized at		

Beginning of Period.........	$ 39,152	$ 36,182
Plus Interest Incurred........	7,901	8,595
Less Interest Expensed........	5,492	5,600
Less Charges to Reserves......	10	147
Interest Capitalized at End of Period	$ 41,551	$ 39,030
Interest Capitalized at End of Period (5):		
Residential(3).............	$ 34,884	$ 32,532
Commercial(2)..............	6,667	6,498
Total Capitalized.........	$ 41,551	$ 39,030

(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.
(4) Represents interest allocated to or incurred on long term debt for investment properties and charged to interest expense.
(5) Capitalized commercial interest at January 31, 1997 includes $184,000 reported at October 31, 1996 as capitalized residential interest. This reclassification is a result of the transfer of a parcel of land from homebuilding to investment properties.

4. Homebuilding accumulated depreciation at January 31, 1997 and October 31, 1996 amounted to $15,665,000 and $14,970,000, respectively. Rental property accumulated depreciation at January 31, 1997 and October 31, 1996 amounted to $11,624,000 and $11,108,000, respectively.

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, 1997 were for operating expenses, seasonal increases in housing inventories, construction, income taxes, interest, and the reduction of subordinated notes. The Company provided for its cash requirements from the revolving credit facility, land purchase notes, and from housing and other revenues. The Company believes that these sources of cash are sufficient to finance its working capital requirements and other needs.

In December 1996 the Board of Directors authorized a stock repurchase program to purchase up to 2 million shares of Class A Common Stock. As of March 10, 1997, 75,000 shares were repurchased under this program.

The Company's bank borrowings are made pursuant to a revolving credit agreement (the "Agreement") that provides a revolving credit line of up to $245,000,000 (the "Revolving Credit Facility") through March 1999. Interest is payable monthly and at various rates of either prime plus 1/4% or Libor plus 1.75%. The Company believes that it will be able either to extend the Agreement beyond March 1999 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, 1997, borrowings under the Agreement were $107,500,000.

The aggregate principal amount of subordinated indebtedness issued by the Company and outstanding as of January 31, 1997 was $190,000,000. During the three months ended January 31, 1997, the Company reduced its subordinated debt by $10,000,000. Annual sinking fund payments of $10,000,000 and $20,000,000 are required in April 2000 and 2001, respectively, with additional payments of $60,000,000 and $100,000,000 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, 1997, the aggregate principal amount of all such borrowings was $25,092,000.

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

	January 31, 1997	October 31, 1996
Residential real estate inventory..........	$419,788,000	$376,307,000
Residential rental property................	11,883,000	12,190,000
Total Residential Real Estate............	431,671,000	388,497,000
Commercial properties......................	53,081,000	53,204,000
Combined Total...........................	$484,752,000	$441,701,000

Total residential real estate increased $43,174,000 during the three months ended January 31, 1997 primarily as a result of an inventory increase of $43,481,000. The increase in residential real estate inventory was primarily due to the Company's seasonal increase in construction activities for deliveries later this year. Substantially all residential homes under construction or completed and included in real estate inventory at January 31, 1997 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, 1997......	84	13,327	4,427	1,644	7,256
October 31, 1996......	85	12,942	4,613	1,479	6,850

(1) Includes 308 and 274 lots under option at January 31, 1997 and October 31, 1996, respectively.

(2) Of the total home lots available, 493 and 528 were under construction or complete (including 107 and 106 models and sales offices), 2,222 and 1,762 were under option, and 1,259 and 1,280 were financed through purchase money mortgages at January 31, 1997 and October 31, 1996, respectively.

In addition, at January 31, 1997 and October 31, 1996, respectively, in substantially completed or suspended communities the Company owned or had under option 428 and 448 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, 1997 the Company controlled such land to build 13,020 proposed homes, compared to 13,083 homes at October 31, 1996.

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

	January 31, 1997			October 31, 1996		
	Unsold Homes	Models	Total	Unsold Homes	Models	Total
Northeast Region....	242	77	319	242	71	313
North Carolina......	45	-	45	68	--	68
Florida.............	59	9	68	51	10	61
Virginia............	17	4	21	18	3	21
California..........	50	17	67	67	24	91
Poland..............	2	2	4	2	2	4
Total	415	109	524	448	110	558

The Company's commercial properties represent long-term investments in commercial and retail facilities completed or under development (see "Investment Properties" under "Results of Operations"). When individual facilities are completed and substantially leased, the Company will have the ability to obtain long-term financing on such properties. At January 31,1997, the Company had long-term non-recourse financing aggregating $30,959,000 on six commercial facilities, a decrease from October 31, 1996, due to $112,000 in principal amortization. The decrease in commercial properties of $123,000 is primarily the result of depreciation.

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 $17,976,000 and $57,095,000 at January 31, 1997 and October 31, 1996, 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, 1997 COMPARED TO THE THREE MONTHS ENDED JANUARY 31, 1996

The Company's operations consist primarily of residential housing development and sales in its Northeast Region (comprising primarily of New Jersey, southern New York State and eastern Pennsylvania), North Carolina, southeastern Florida, Virginia, southwestern California and Poland. In addition, the Company develops and operates commercial properties as long-term investments in New Jersey, and, to a lesser extent, Florida.

At October 31, 1996, the Company reclassified certain expenses previously reported as selling, general and administration to cost of sales. These expenses were sales commissions, buyer concessions, the amortization of prepaid selling expenses, property taxes and condominium association subsidies. The amount of reclassification for the quarter ended January 31, 1996 was $5,787,000. In addition, the Company reclassified its title revenues previously reported as other homebuilding revenues to financial services revenues, and title expenses from other operation expenses to financial service expenses. The amount of title revenues and expenses reclassified for the quarter ended January 31, 1996 was $529,000 and $536,000, respectively.

Historically, the Company's first quarter produces the least amount of deliveries for the year. This was true for fiscal 1996 and management believes this will be true for fiscal 1997. As a result, the first quarter produces the lowest quarterly income (or loss) for the year. The $1.8 million loss for the three months ended January 31, 1997 can be principally attributed to lower gross margins, as well as increased general administration expenses.

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,	
	1997	1996	1997	1996
Northeast Region:				
Dollars.............	$ 92,544	$ 55,785	$232,096	$180,973
Homes...............	472	330	1,119	935
North Carolina:				
Dollars.............	$ 31,506	$ 19,594	$ 53,108	$ 41,936
Homes...............	174	120	280	249
Florida:				
Dollars.............	$ 9,708	$ 19,315	$ 34,094	$ 38,588
Homes...............	60	131	198	257
Virginia:				
Dollars.............	$ 2,478	$ 3,463	$ 3,472	$ 6,010
Homes...............	10	19	16	26
California:				
Dollars.............	$ 16,268	$ 8,209	$ 12,194	$ 11,522
Homes...............	79	48	68	63
Poland:				
Dollars.............	$ 1,607	--	$ 3,293	--
Homes...............	22	--	46	--
Totals:				

Dollars.............	$154,111	$106,366	$338,257	$279,029
Homes...............	817	648	1,727	1,530

Total Revenues:

Revenues for the three months ended January 31, 1997 increased $3.2 million or 2.7%, compared to the same period last year. This was a result of increased revenues from the sale of homes of $6.5 million and a $.2 million increase in financial service revenues. These increases were partially offset by a $2.3 million decrease in investment properties revenues, a $1.0 million decrease in land sales and other homebuilding revenues, and a $.2 million decrease in collateralized mortgage financing revenues.

Homebuilding:

Revenues from the sale of homes increased $6.5 million or 6% during the three months ended January 31, 1997. 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, 1997	1996
	(Dollars in Thousands)	
Northeast Region:		
Housing Revenues.....	$ 63,440	$ 55,365
Homes Delivered......	330	280
North Carolina:		
Housing Revenues.....	$ 22,042	$ 21,062
Homes Delivered......	127	124
Florida:		
Housing Revenues.....	$ 13,828	$ 17,878
Homes Delivered......	79	117
Virginia:		
Housing Revenues.....	$ 3,407	$ 4,397
Homes Delivered......	18	21
California:		
Housing Revenues.....	$ 12,333	$ 9,868
Homes Delivered......	57	52
Poland:		
Housing Revenues.....	$ 65	--
Homes Delivered......	1	--
Totals:		
Housing Revenues.....	$115,115	$108,570
Homes Delivered......	612	594

The three months ended January 31, 1997 increase in sale of homes revenues (compared to the prior year) was primarily due to increased home deliveries and slightly higher overall average sales prices. The increase in the Northeast Region deliveries was primarily due to a higher contract backlog at the beginning of the quarter compared to the same period last year. The decrease in Florida is due to a lower backlog at the beginning of the quarter. Florida's contract backlog was down due to a reduction in net contracts resulting from a highly competitive market.

Cost of sales include 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, 1997	1996
	(Dollars in Thousands)	
Sale of Homes................	$115,115	$108,570
Cost of Sales................	99,783	93,078

Housing Gross Margin	$ 15,332	$ 15,492

Gross Margin Percentage...... 13.3% 14.3%

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

	Year Ended	
	January 31, 1997	January 31, 1996
Sale of Homes	100.0%	100.0%
Cost of Sales:		
Housing, land & development costs	76.8%	75.9%
Commissions	2.0%	1.8%
Financing concessions	1.0%	1.0%
Overheads	6.9%	7.0%
Total Cost of Sales	86.7%	85.7%
Gross Margin	13.3%	14.3%

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, 1997 the Company's gross margin decreased by 1%. This can primarily be attributed to lower gross margins in the Northeast Region and North Carolina. The decline in the Northeast Region's gross margin can be principally attributed to cost adjustments in several communities, which resulted in additional housing, land, and development charges. North Carolina's lower gross margin is primarily attributed to a change in product mix, increased lot costs and concessions on started unsold homes.

Selling, general, and administrative expenses increased $1.7 million during the three months ended January 31, 1997 compared to the same period last year. As a percentage of sale of homes revenues such expenses increased to 8.6% for the three months ended January 31, 1997 from 7.6% for the prior year. The dollar increase in selling, general and administrative expenses is principally due to increased deliveries and increased general and administrative expenses in the Northeast Region. The percentage increase is also primarily due to increased general and administration expenses in the Northeast Region.

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,	
	1997	1996
Land and Lot Sales	$ 544	$ 1,193
Cost of Sales	434	1,004
Land and Lot Sales Gross Margin	$ 110	$ 189

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 sales of the Company's homes, and selling such mortgages in the secondary market. In addition, title insurance activities have been reclassified from other housing operations to financial services, as noted above. For the three months ended January 31, 1997 compared to the three months ended January 31, 1996, the loss resulting from financial services decreased by $.2 million. This was a direct result of the Company's wholly-owned mortgage banking subisidiary originating mortgages on a higher percentage of homes closed by the Company's housing operations, as well as higher interest rate spreads.

Investment Properties

Investment Properties consist of rental properties, property management, and gains or losses from the sale of such property. At January 31, 1997, the Company owned and was leasing two office buildings, three office/warehouse facilities, two retail centers, and two senior citizen rental communities in New Jersey. During the first quarter of fiscal 1996 the Company sold a retail center and reported a pretax profit of $1.9 million. Investment Properties expenses do not include interest expense which is reported below under "Interest."

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 administration 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. Corporate general and administration expenses remained comparable to the same period last year. As a percentage of total revenues such expenses decreased slightly from 3.1% in the quarter ended January 31, 1996 to 3.0% in the quarter ended January 31, 1997. This decrease is due to a one-time insurance adjustment expensed during the three months ended January 31, 1996. Otherwise such expenses would have increased due to higher depreciation expense, and increased salary and benefit costs.

Interest

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

	Three Months Ended January 31, 1997	Three Months Ended January 31, 1996
Sale of Homes	$ 4,072	$ 4,050
Land and Lot Sales	103	40
Rental Properties	1,317	1,510
Total	$ 5,492	$ 5,600

Housing interest as a percentage of sale of homes revenues amounted to 3.5% and 3.7% for the three months ended January 31, 1997 and 1996, respectively.

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. The Company's title operation expenses have been reclassified to financial services.

Total Taxes

Total tax credits for the periods ended January 31, 1997 and January 31, 1996 were $2.1 million and $.2 million, respectively. 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.

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 51% of the Company's total costs and expenses.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of l934, 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 14, 1997

/S/KEVORK S. HOVNANIAN
Kevork S. Hovnanian,
Chairman of the Board and
Chief Executive Officer

DATE: March 14, 1997

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

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3-MOS
OCT-31-1997
JAN-31-1997
10,811
0
34,931
0
419,788
538,189
34,096
15,688
630,810
205,347
233,615
237
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0
191,611
630,810
115,669
120,353
100,217
118,716
0
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5,492
(3,855)
(2,081)
(1,774)
0
0
0
(1,774)
(0.08)
(0.08)