SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2004

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-13136

HOME PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

MARYLAND	16-1455126
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

850 Clinton Square, Rochester, New York 14604
(Address of principal executive offices) (Zip Code)

(585) 546-4900
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former year, if changed since last report)

Indicate by check mark whether 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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
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:

Class of Common Stock	Outstanding at April 30, 2004
$.01 par value	32,726,138

HOME PROPERTIES, INC.

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ITEM 1. FINANCIAL STATEMENTS

HOME PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2004 AND DECEMBER 31, 2003
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	2004 (Unaudited)	2003 (Note1)
ASSETS		
Real estate:		
Land	$ 414,345	$ 387,655
Buildings, improvements and equipment	2,725,734	2,365,337
	3,140,079	2,752,992
Less: accumulated depreciation	(415,316)	(330,062)
Real estate, net	2,724,763	2,422,930
Cash and cash equivalents	7,104	5,103
Cash in escrows	48,295	39,660
Accounts receivable	4,660	4,437
Prepaid expenses	19,427	18,184
Investment in and advances to affiliates	48	5,253
Deferred charges	14,275	9,057
Other assets	7,621	8,693
Total assets	$2,826,193	$2,513,317
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgage notes payable	$1,575,406	$1,380,696
Line of credit	71,000	-
Accounts payable	15,598	13,178
Accrued interest payable	9,989	7,013
Accrued expenses and other liabilities	18,945	18,959
Security deposits	24,268	21,664
Total liabilities	1,715,206	1,441,510
Commitments and contingencies		
Minority interest	357,376	330,544
Stockholders' equity:		
Cumulative redeemable preferred stock, $.01 par value; 3,000,000 shares authorized; 2,400,000 shares issued and outstanding at March 31, 2004 and December 31, 2003	60,000	60,000
Convertible cumulative preferred stock, $.01 par value; 10,000,000 shares authorized; 250,000 shares issued and outstanding at March 31, 2004 and December 31, 2003	25,000	25,000
Common stock, $.01 par value; 80,000,000 shares authorized; 32,688,962 and 31,966,240 shares issued and outstanding at March 31, 2004 and December 31, 2003, respectively	327	320
Excess stock, $.01 par value; 10,000,000 shares authorized; no shares issued or outstanding	-	-
Additional paid-in capital	813,290	785,710
Accumulated other comprehensive income (loss)	(470)	(542)
Distributions in excess of accumulated earnings	(144,456)	(128,910)
Officer and director notes for stock purchases	(80)	(315)
Total stockholders' equity	753,611	741,263
Total liabilities and stockholders' equity	$2,826,193	$2,513,317

The accompanying notes are an integral part of these consolidated financial statements.

HOME PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(UNAUDITED, IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	2004	2003
Revenues:		
Rental income	$108,526	$100,183
Property other income	4,054	3,596
Interest and dividend income	152	155
Other income	465	1,199
Total Revenues	113,197	105,133
Expenses:		
Operating and maintenance	54,232	48,651
General and administrative	4,725	5,119
Interest	21,332	20,946
Depreciation and amortization	21,711	18,815
Prepayment penalty	196	1,349
Impairment of assets held as General Partner	1,116	427
Total Expenses	103,312	95,307
Income from operations	9,885	9,826
Equity in earnings (losses) of unconsolidated affiliates	(538)	(740)
Income before minority interest and discontinued operations	9,347	9,086
Minority interest	2,468	2,052
Income from continuing operations	6,879	7,034
Discontinued operations		
Income (loss) from operations, net of $55 in 2003 allocated to minority interest	-	(96)
Gain (loss) on disposition of property, net of $6 in 2004 and $263 in 2003 allocated to minority interest	(13)	451
Discontinued operations	(13)	355
Income before loss on disposition of property and business and cumulative effect of change in accounting principle	6,866	7,389
Loss on disposition of property and business, net of $33 in 2004 allocated to minority interest	(67)	-
Income before cumulative effect of change in accounting principle	6,799	7,389
Cumulative effect of change in accounting principle, net of $159 allocated to minority interest	(321)	-
Net Income	6,478	7,389
Preferred dividends	(1,898)	(3,518)
Net income available to common shareholders	$ 4,580	$ 3,871
Basic earnings per share data:		
Income from continuing operations	$ .15	$ .13
Discontinued operations	-	.01
Cumulative effect of change in accounting principle	(.01)	-
Net income available to common shareholders	$ .14	$ .14
Diluted earnings per share data:		
Income from continuing operations	$ .15	$ .13
Discontinued operations	-	.01
Cumulative effect of change in accounting principle	(.01)	-
Net income available to common shareholders	$ .14	$ .14
Weighted average number of shares outstanding:		
Basic	32,321,929	27,534,484
Diluted	32,874,561	27,731,627

The accompanying notes are an integral part of these consolidated financial statements.

HOME PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(UNAUDITED, IN THOUSANDS)

	2004	2003
Net income	$6,478	$7,389
Other comprehensive income (net of minority interest):		
Change in fair value of hedge instruments	72	56
Comprehensive income	$6,550	$7,445

The accompanying notes are an integral part of these consolidated financial statements.

HOME PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(UNAUDITED, IN THOUSANDS)

	2004	2003
Cash flows from operating activities:		
Net income	$ 6,478	$ 7,389
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in (earnings) losses of unconsolidated affiliates	538	740
Income allocated to minority interest	2,270	2,260
Depreciation and amortization	22,090	19,423
Impairment of assets held as General Partner	1,116	427
Impairment of real property	-	423
(Gain) loss on disposition of property and business	119	(714)
Loss from early extinguishment of debt	196	1,349
Cumulative effect of change in accounting principle	480	-
Changes in assets and liabilities:		
Other assets	1,491	4,416
Accounts payable and accrued liabilities	2,777	(2,204)
Total adjustments	31,077	26,120
Net cash provided by operating activities	37,555	33,509
Cash flows used in investing activities:		
Purchase of properties and other assets, net of mortgage notes assumed and UPREIT Units issued	(64,376)	(32,173)
Additions to properties	(19,996)	(19,724)
Proceeds from sale of properties and business, net	-	20,340
Proceeds from sale of affordable properties, net	137	
Advances to affiliates	(795)	(1,168)
Payments on advances to affiliates	89	1,869
Net cash used in investing activities	(84,941)	(30,857)
Cash flows from financing activities:		
Proceeds from sale of common stock, net	14,509	7,478
Proceeds from mortgage notes payable	15,717	-
Payments of mortgage notes payable	(19,939)	(13,820)
Payment of prepayment penalty in connection with the early extinguishment of debt	(196)	(1,349)
Proceeds from line of credit	96,000	60,000
Payments on line of credit	(25,000)	(30,000)
Payments of deferred loan costs	(129)	(175)
Withdrawals from (additions to) cash escrows, net	(990)	5,021
Repayment of officer loans	235	99
Dividends and distributions paid	(31,670)	(29,890)
Net cash provided by (used in) financing activities	48,537	(2,635)
Net increase in cash and cash equivalents	1,151	16
Cash and cash equivalents:		
Beginning of year	5,103	8,782
Cash assumed in connection with FIN 46 consolidation	850	-
End of year	$ 7,104	$ 8,798
Supplemental disclosure of non-cash operating, investing and financing activities:		
Mortgage loans assumed associated with property acquisitions	$69,782	$ -
Conversion of preferred to common stock	-	10,000
Exchange of UPREIT Units/partnership interest for common shares	5,267	3,278
Fair value of hedge instruments	849	1,529
Issuance of UPREIT Units associated with property and other acquisitions	12,105	4,806
Increase in real estate associated with the purchase of UPREIT Units	4,940	-
Compensation cost of stock options issued	248	202
Net real estate assumed in connection with FIN 46 consolidation	152,319	-
Other assets assumed in connection with FIN 46 consolidation	11,916	-
Mortgage debt assumed in connection with FIN 46 consolidation	129,149	-
Other liabilities assumed in connection with FIN 46 consolidation	5,363	-

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

1. Unaudited Interim Financial Statements

The interim consolidated financial statements of Home Properties, Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the applicable rules and regulations of the Securities and Exchange Commission. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America are omitted. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments, necessary for the fair presentation of the consolidated financial statements for the interim periods have been included. The current period's results of operations are not necessarily indicative of results which ultimately may be achieved for the year. The interim consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2003.

2. Organization and Basis of Presentation

Organization

The Company is engaged primarily in the ownership, management, acquisition, and rehabilitation of residential apartment communities in the Northeastern, Mid-Atlantic and Midwestern United States. As of March 31, 2004, the Company operated 201 apartment communities with 49,272 apartments. Of this total, the Company owned 154 communities, consisting of 42,224 apartments, managed as general partner 4,746 apartments and fee managed 2,302 apartments for affiliates and third parties.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its 67.1% (63.3% at March 31, 2003) partnership interest in the Operating Partnership. Such interest has been calculated as the percentage of outstanding common shares divided by the total outstanding common shares and Operating Partnership Units ("UPREIT Units") outstanding. The remaining 32.9% (36.7% at March 31, 2003) is reflected as Minority Interest in these consolidated financial statements. The Company owns a 1.0% general partner interest in the Operating Partnership and the remainder as a limited partner through its wholly owned subsidiary, Home Properties I, LLC, which owns 100% of the limited partner, Home Properties Trust. Home Properties Trust was formed in September 1997, as a Maryland real estate trust and as a qualified REIT subsidiary ("QRS") and owns the Company's share of the limited partner interests in the Operating Partnership. For financing purposes, the Company has formed a limited liability company (the "LLC") and a partnership (the "Financing Partnership"), which beneficially own certain apartment communities encumbered by mortgage indebtedness. The LLC is wholly owned by the Operating Partnership. The Financing Partnership is owned 99.9% by the Operating Partnership and 0.1% by the QRS.

The accompanying consolidated financial statements include the accounts of two wholly owned subsidiaries, Home Properties Management, Inc. and Home Properties Resident Services, Inc. (the “Management Companies”). All significant inter-company balances and transactions have been eliminated in these consolidated financial statements.

2. Organization and Basis of Presentation (continued)

Through March 30, 2004, the Company accounted for its investment as managing general partner ("GP") in unconsolidated affordable housing limited partnerships ("LP") using the equity method of accounting. Effective March 31, 2004, the Company adopted FASB Interpretation No. 46R, Consolidation of Variable Interest Entities ("FIN 46R"). This interpretation addresses consolidation by business enterprises of variable interest entities in which the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties or in which the equity investors do not have the characteristics of a controlling financial interest. This interpretation requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The interpretation also requires disclosures about variable interest entities that the company is not required to consolidate but in which it has a significant variable interest. At this date, the Company is the general partner in 41 limited partnerships. The Company has made a determination that all 41 limited partnerships are Variable Interest Entities. The Company has further determined that it is the primary beneficiary in 34 of the limited partnerships and therefore consolidated these entities effective March 31, 2004. Home Properties determined that it is not the primary beneficiary in seven partnerships syndicated under U.S. Department of Housing and Urban Development subsidy programs. These seven investments will continue to be accounted for under the equity method. For those seven investments, the Company will continue to record its allocable share of the respective partnership's income or loss based on the terms of the agreement. To the extent it is determined that the LPs cannot absorb their share of the losses, if any, the GP will record the LPs share of such losses. The Company will absorb such losses to the extent the Company has outstanding loans or advances and the limited partner has no remaining capital account. The Company has no loans to the seven partnerships as of March 31, 2004 and therefore did not absorb an LP share of losses.

Reclassifications

Certain reclassifications have been made to the 2003 consolidated financial statements to conform to the 2004 presentation.

New Accounting Standards

In March 2004, the FASB issued EITF 03-6 "Participating Securities and the Two-Class Method under FASB Statement 128, *Earnings per Share*." EITF 03-6 addresses a number of questions regarding the computation of earnings per share by companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the company when, and if, it declares dividends on its common stock. The issue also provides further guidance in applying the two-class method of calculating EPS. It clarifies what constitutes a participating security and how to apply the two-class method of computing EPS once it is determined that a security is participating, including how to allocate undistributed earnings to such a security. The EITF is effective for the first fiscal periods beginning after March 31, 2004. The Company preferred shares are non-participating as defined under the provisions of EITF 03-06. The provisions of EITF 03-6 are not expected to have a material impact on the Company's financial statements.

2. Organization and Basis of Presentation (continued)

In May 2003, FASB issued SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity.” This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. On October 29, 2003 the FASB indefinitely deferred the provisions of paragraphs 9 and 10 of SFAS No. 150 as they apply to mandatorily redeemable noncontrolling interests. This deferral applies to minority interest ownerships in limited partnerships which are mandatorily redeemable upon termination of the partnership and therefore is potentially applicable to the affordable portfolio. The Company’s investments in the limited partnerships consolidated under FIN 46R have a mandatory redeemable feature upon termination of the partnership. However, due to the tax credit restrictions on the consolidated partnership, if the partnership were terminated prior to the end of the tax credit compliance period, the partnership would be liable to fund the tax credits payable to the limited partners.

3. Adoption of New Accounting Policy

Effective January 1, 2003, the Company adopted the provisions of SFAS 148 "Accounting for Stock Based Compensation – An Amendment of SFAS 123." Under the transition provisions of this Statement, the Company has elected the “Modified Prospective Method” for recognizing stock-based compensation costs for the three-month periods ended March 31, 2004 and 2003. Under this method the Company recognizes stock-based compensation cost from the beginning of the fiscal year in which the recognition provisions are first applied as if the fair value based accounting method in this Statement had been used to account for all employee awards granted, modified, or settled in fiscal years beginning after December 15, 1994. For the three-month periods ended March 31, 2004 and 2003, the Company recognized $511 and $280, respectively, in stock compensation costs related to its stock compensation plans. Of this total, $248 and $202, for the three-month periods ended March 31, 2004 and 2003, respectively, related to the expensing of stock compensation costs associated with stock options granted by the Company. The remaining $263 and $72, for the three-month periods ended March 31, 2004 and 2003, respectively, pertains to the stock compensation costs recognized by the Company relative to its restricted stock grants.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants in 2004: dividend yields ranging from 7.81% to 9.40%; expected volatility of 19.85%; and expected lives of 7.5 years for the options with a lifetime of ten years, and five years for options with a lifetime of five years. The interest rate used in the option-pricing model is based on a risk free interest rate ranging from 4.29% to 6.87%.

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

4. Earnings Per Common Share

Basic earnings per share ("EPS") is computed as net income available to common shareholders divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock-based compensation including stock options, restricted stock, phantom shares under the Company's incentive compensation plan, warrants and the conversion of any cumulative convertible preferred stock. The exchange of an Operating Partnership Unit for common stock will have no effect on diluted EPS as Unitholders and stockholders effectively share equally in the net income of the Operating Partnership. Income from continuing operations is the same for both the basic and diluted calculation.

The reconciliation of the basic weighted average shares outstanding and diluted weighted average shares outstanding for the three-months ended March 31, 2004 and 2003 is as follows:

	Three Months 2004	Three Months 2003
Income from continuing operations	$ 6,879	$ 7,034
Add (Less): Gain (loss) on disposal of property	(67)	-
Less: Preferred dividends	(1,898)	(3,518)
Basic and Diluted – Income from continuing operations applicable to common shareholders	$ 4,914	$ 3,516
Discontinued operations	(13)	355
Cumulative effect of change in accounting principle	(321)	-
Net income available to common shareholders	$ 4,580	$ 3,871
Basic weighted average number of shares outstanding	32,321,929	27,534,484
Effect of dilutive stock options	448,698	97,143
Effect of restricted shares	103,934	-
Diluted weighted average number of shares outstanding	32,874,561	27,731,627
Basic earnings per share		
Income from continuing operations	$.15	$.13
Discontinued operations	-	.01
Cumulative effect of change in accounting principle	(.01)	-
Net Income available to common shareholders	$.14	$.14
Diluted earnings per share		
Income from continuing operations	$.15	$.13
Discontinued operations	-	.01
Cumulative effect of change in accounting principle	(.01)	-
Net Income available to common shareholders	$.14	$.14

Unexercised stock options to purchase zero and 648,090 shares of the Company's common stock were not included in the computations of diluted EPS because the options' exercise prices were greater than the average market price of the Company's stock during the three-month periods ended March 31, 2004 and 2003, respectively. For the three-month period ended March 31, 2004, the 833,333 common stock equivalents on an as-converted basis of the Series D Convertible Cumulative Preferred Stock has an antidilutive effect and is not included in the computation of diluted EPS. For the three-month period ended March 31, 2003, the 3,264,978 common stock equivalents on an as-converted basis of the Series C, D and E Convertible Cumulative Preferred Stock has an antidilutive effect and is not included in the computation of diluted EPS. To the extent the preferred stock was converted, the common shares would be included in outstanding shares from the date of conversion.

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

5. Other income

Other income for the three-month periods ended March 31, 2004 and 2003 is summarized as follows:

	Three-months	
	2004	2003
Management fees	$ 459	$1,171
Other	6	28
	$ 465	$1,199

6. Equity in earnings (losses) of unconsolidated affiliates

Effective March 31, 2004, the Company adopted FASB Interpretation No. 46R – Consolidation of Variable Interest Entities, an interpretation of ARB No. 51 – Consolidated Financial Statements. The interpretation addresses consolidation by businesses of special purpose entities (variable interest entities, "VIE"). The Company has made a determination that all 41 of the remaining limited partnerships are Variable Interest Entities. The Company has further determined that it is the primary beneficiary in 34 of the limited partnerships and therefore consolidated these entities effective March 31, 2004. Home Properties determined that it is not the primary beneficiary in seven partnerships syndicated under U.S. Department of Housing and Urban Development subsidy programs. The assets and liabilities of the seven partnerships total $7,454 and $11,717, respectively. These seven investments will continue to be accounted for under the equity method.

These affordable limited partnerships are funded with non-recourse financing. In connection with FIN 46, the Company was required to consolidate the assets and liabilities in 34 out of the 41 remaining limited partnerships. The effect on the consolidated balance sheet is an increase in Total assets of $164.2 million, an increase in Total liabilities of $134.5 million, an increase in Minority interest of $30.0 million, and a decrease in Stockholders' equity of $321. In connection with the adoption of FIN 46, the Company recorded a $321 charge of a cumulative effect of a change in accounting principle. This charge was a result of the negative capital accounts of minority interest partners that were absorbed by the Company. Of the $134.5 million increase in total liabilities, $129.1 million represented mortgage debt. Unconsolidated debt associated with the seven partnerships continuing to be accounted for under the equity method amounted to $11.2 million, of which the Company's proportionate share, based on its legal ownership, was $765.

In the fourth quarter of 2002, the Company decided to sell virtually all of the assets associated with its general partner interests in the affordable properties to focus solely on the direct ownership and management of market rate apartment communities. At that time, the Company announced its intention to sell the assets, which include principally loans, advances and management contracts, in three phases. The sales of Phase I and Phase II were completed in 2003. In April, 2004, the buyer of Phase III, which consists of the Company's interest in 38 Upstate New York, Ohio and Maryland properties, concluded due diligence, which resulted in a $945 reduction in the contracted sales price to $5.8 million. The Company has recorded an impairment charge in the first quarter of 2004 for this $945 to reduce the assets in Phase III to estimated fair market value. The Company is working towards a closing on Phase III by June 30, 2004. The assets are not accounted for as "held for sale" as the execution of the sale is subject to limited partner, lender and agency approvals. It is possible that certain approvals will not be granted by this date, pushing the closing into the third quarter of 2004 or later.

6. Equity in earnings (losses) of unconsolidated affiliates (continued)

During 2004, the Company plans to pursue the sale of its general partner interests in one additional property (two partnerships) with 1,072 units. It does not currently have a contract for this sale but anticipates that if a sale is the chosen course of action, a closing will not be likely to occur before the end of 2004. If a sale is the chosen course of action, although the Company cannot accurately estimate a price at this time, it is likely that the Company will have to pay a third party to purchase its interest in this asset. The Company has guarantees to the partnerships to reimburse limited partners for any lost tax credits (which could total approximately $5.6 million) and to fund operating deficits. The property is currently experiencing high vacancy. The regulatory agreement between the entity which owns the property and the State Housing Authority requires a percentage of residents to meet certain income qualifications. The Company has had difficulty renting the units subject to those requirements to persons it believes are economically qualified to rent the units. The Company does not anticipate that occupancy levels or other aspects of the operational outlook will improve in the foreseeable future under the regulation restrictions. The Company has funded operating deficits of $475 during the first quarter of 2004 and expects to continue to fund a similar level each quarter for the remainder of the year or until the property is sold. The prior operating advances are not an indicator of future cash requirements. In accordance with GAAP, the Company will consolidate future operating expenses and will record its share of partnership operations subject to the operating deficit funding required.

In the first quarter of 2004, the Company recorded an impairment charge of $1,600 to adjust the assets associated with the affordable properties to management's estimate of fair market value. The impairment charge is classified in the financial statements as “Impairment of assets held as general partner” of $1,116 and “Equity in earnings (losses) of unconsolidated affiliates” of $484. A portion of the total $1,116 charge, or $171, represents monies loaned to certain affordable properties during the first quarter of 2004 to fund operating shortfalls, which are not anticipated to be recovered from projected sale proceeds. The remaining balance of $945 pertains to an additional net impairment charge taken on Phase III to reduce the assets to estimated fair market value. Of the total impairment charge recorded for the three-month period ended March 31, 2004, $655 relates to cash advances to fund operating shortfalls.

7. Segment Reporting

The Company is engaged in the ownership and management of market rate apartment communities. Each apartment community is considered a separate operating segment. Each segment on a stand alone basis is less than 10% of the revenues, profit or loss, and assets of the combined reported operating segments and meets the majority of the aggregation criteria under SFAS No. 131. The operating segments are aggregated and segregated as Core and Non-core properties.

Non-segment revenue to reconcile to total revenue consists of interest and dividend income and other income. Non–segment assets to reconcile to total assets include cash and cash equivalents, cash in escrows, accounts receivable, prepaid expenses, investments in and advances to affiliates, deferred charges and other assets.

Core properties consist of all apartment communities which have been owned more than one full calendar year. Therefore, the Core Properties represent communities owned as of January 1, 2003. Non-core properties consist of apartment communities acquired during 2003 and 2004, such that full year comparable operating results are not available.

The accounting policies of the segments are the same as those described in Notes 1 and 2 of the Company's Form 10-K.

The Company assesses and measures segment operating results based on a performance measure referred to as Funds from Operations ("FFO"). FFO is defined as net income (computed in accordance with GAAP) excluding gains or losses from the sales of property and business (including loss associated with early extinguishment of debt in connection with the sale) or non-cash real estate impairment charge, minority interest in the Operating Partnership, extraordinary items, plus real estate depreciation, less dividends from non-convertible preferred shares. FFO is not a measure of operating results or cash flows from operating activities as measured by generally accepted accounting principles and it is not indicative of cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity. Other companies may calculate similarly titled performance measures in a different manner.

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

7. Segment Reporting (continued)

The revenues, profit (loss), and assets for each of the reportable segments are summarized as follows as of and for the three-month periods ended March 31, 2004, and 2003.

	Three Months	
	2004	2003
Revenues		
Apartments owned		
Core properties	$ 108,475	$ 102,951
Non-core properties	4,105	828
Reconciling items	617	1,354
Total Revenue	$ 113,197	$ 105,133
Profit (loss)		
Funds from operations:		
Apartments owned		
Core properties	$ 55,757	$ 54,363
Non-core properties	2,591	765
Reconciling items	617	1,354
Segment contribution to FFO	58,965	56,482
General & administrative expenses	(4,725)	(5,119)
Interest expense	(21,332)	(20,946)
Depreciation of unconsolidated affiliates	543	549
Non-real estate depreciation/amortization	(742)	(609)
Prepayment penalty	(196)	-
FAS 141 acquisition rent / intangibles	182	-
Equity in earnings (losses) of unconsolidated affiliates	(538)	(740)
Impairment of assets held as General Partner	(1,116)	(427)
Impairment of affordable assets not in FFO	945	-
Loss on sale of business	(17)	-
Income from discontinued operations before minority interest, depreciation and loss on disposition of property	-	510
Redeemable preferred dividend (Series F)	(1,350)	(1,350)
Funds from Operations	30,619	28,350
Depreciation – apartments owned	(20,969)	(18,444)
Depreciation of unconsolidated affiliates	(543)	(549)
FAS 141 acquisition rent/intangibles	(182)	-
Redeemable preferred dividend	1,350	1,350
Loss from early extinguishment of debt in connection with sale of real estate	-	(1,349)
Impairment of real property	-	(423)
Impairment of affordable assets not in FFO	(945)	-
(Income) loss from discontinued operations before minority interest and loss on disposition of property	17	151
Minority interest	(2,468)	(2,052)
Income from continuing operations	$ 6,879	$ 7,034
Assets - As of March 31, 2004 and December 31, 2003		
Apartments owned:		
- Core	2,374,804	$1,924,763
- Non-core	241,278	543,698
Reconciling items	210,111	44,856
Total Assets	$2,826,193	$2,513,317

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

8. Pro Forma Condensed Financial Information

The Company acquired seven apartment communities ("2004 Acquired Communities") with a combined 1,278 units in four unrelated transactions during the three-month period ended March 31, 2004. The total combined purchase price (including closing costs) of $149.3 million equates to approximately $117 per unit. Consideration for the communities was funded through the assumption of $69.8 million of debt, $67.4 million from the Company's line of credit and $12.1 million of UPREIT Units.

The following proforma information was prepared as if (i) the 2004 transaction related to the acquisition of the 2004 Acquired Communities had occurred on January 1, 2003, (ii) the 2003 transactions related to the acquisition of two apartment communities in two separate transactions had occurred on January 1, 2003, and (iii) the 2003 transactions related to the disposition of seven apartment communities in seven separate transactions had occurred on January 1, 2003. The proforma financial information is based upon the historical consolidated financial statements and is not necessarily indicative of the consolidated results which actually would have occurred if the transactions had been consummated at the beginning of 2003, nor does it purport to represent the results of operations for future periods. Adjustments to the proforma condensed combined statement of operations for the three-months ended March 31, 2004 and 2003, consist principally of providing net operating activity and recording interest, depreciation and amortization from January 1, 2003 to the earlier of March 31, 2004 or 2003, as applicable, or the acquisition date.

	For the Three-months Ended March 31	
	2004	2003
Total revenues	$115,495	$111,025
Net income available to common shareholders before cumulative effect of change in accounting principle	4,817	4,344
Net income available to common shareholders	4,496	4,344
Per common share data:		
Net income available to common shareholders before cumulative effect of change in accounting principle		
Basic	$0.15	$0.16
Diluted	$0.15	$0.16
Net income available to common shareholders		
Basic	$0.14	$0.16
Diluted	$0.14	$0.16
Weighted average numbers of shares outstanding:		
Basic	32,321,929	27,534,484
Diluted	32,874,561	27,731,627

9. Derivative Financial Instruments

The Company has three interest rate swaps that effectively convert variable rate debt to fixed rate debt. As of March 31, 2004, the aggregate fair value of the Company's interest rate swaps was $849 prior to the allocation of minority interest and is included in accrued expenses and other liabilities in the consolidated balance sheets. For the three-months ending March 31, 2004, as the critical terms of the interest rate swaps and the hedged items are the same, no ineffectiveness was recorded in the consolidated statements of operations. All components of the interest rate swaps were included in the assessment of hedge effectiveness. The fair value of the interest rate swaps is based upon the estimate of amounts the Company would receive or pay to terminate the contract at the reporting date and is estimated using interest rate market pricing models.

10. Disposition of Property and Discontinued Operations

Included in discontinued operations for the three-months ended March 31, 2003 are the operating results, net of minority interest, of seven apartment community dispositions sold in 2003. For purposes of the discontinued operations presentation, the Company only includes interest expense associated with specific mortgage indebtedness of the properties that are sold or classified as held for sale.

As part of its strategic disposition program, during 2003, the Company sold seven properties referred to above with a total of 1,568 units for total consideration of $59.3 million, or an average of $38 per unit. During the first quarter of 2004, the Company reported a combined $13 loss, net of minority interest, relating to additional expenses incurred in the same quarter for sales which took place during 2003. These costs represent a change in estimate from those accrued at the time of sale.

In connection with the Company's strategic asset disposition program, management is constantly reevaluating the performance of its portfolio on a property-by-property basis. The Company from time to time determines that it is in the best interest of the Company to dispose of assets that have reached their potential or are less efficient to operate due to their size or remote location and reinvest such proceeds in higher performing assets located in targeted geographic markets. It is possible that the Company will sell such properties at a loss. In addition, it is possible that for assets held for use, certain holding period assumptions made by the Company may change which could result in the Company's recording of an impairment charge.

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

10. Disposition of Property and Discontinued Operations (continued)

The operating results of the components of discontinued operations are summarized as follows for the three-month periods ended March 31, 2004 and 2003.

	Three months	
	2004	2003
Revenues:		
Rental Income	$ -	$1,922
Property other income	-	90
Total Revenues	-	2,012
Operating and Maintenance	-	1,115
Interest expense	-	387
Depreciation and amortization	-	238
Impairment of real property	-	423
Total Expenses	-	2,163
Income (loss) from discontinued operations before minority interest and gain (loss) on disposition of property	-	(151)
Minority interest	-	(55)
Income from discontinued operations	$ -	($ 96)

11. Commitments and Contingencies

Contingencies

In 2001, the Company underwent a state tax audit. The state has assessed taxes of $469 for the 1998 and 1999 tax years under audit. If the state's position is applied to all tax years through December 31, 2001, the assessment would be $1.3 million. At the time, the Company believed the assessment and the state's underlying position were not supportable by the law nor consistent with previously provided interpretative guidance from the office of the State Secretary of Revenue. After two subsequent enactments by the state legislation during 2002 affecting the pertinent tax statute, the Company was advised by outside tax counsel that its filing position for 1998-2001 should prevail. During December 2003, the state’s governor signed legislation which included the REIT tax provisions. Based upon this, Company’s tax counsel expects that the outstanding litigation should now be able to be resolved. Effective January 1, 2003, the Company reorganized the ownership of Home Properties Trust, which should subject the Company to a much lower level of tax going forward.

11. Commitments and Contingencies (continued)

Guarantees

The Company, through its general partnership interests in certain affordable property limited partnerships, has guaranteed the Low Income Housing Tax Credits to limited partners in 23 partnerships totaling approximately $48 million. As of March 31, 2004, there were no known conditions that would make such payments necessary, and no amounts have been recorded. In addition, the Company, acting as general partner in certain partnerships, is obligated to advance funds to meet partnership operating deficits.

12. Related Party Transactions

On January 1, 2004, the Company sold certain assets of its commercial property management division to Home Leasing LLC, which is owned by Nelson and Norman Leenhouts. This division managed approximately 2.2 million square feet of gross leasable area, as well as certain planned communities. The initial amount paid was $82. In addition, the Company is entitled to receive a percentage of the management fee received by Home Leasing in connection with the management of one of the commercial properties for a period not to exceed 36 months. The expected monthly fee as outlined in the contract is approximately $4.6 or $55.2 per year. If Home Leasing continues to manage the property for three years, the Company is expected to receive total additional deferred purchase price of $165.6 of which $13.8 has been received during the three months ended March 31, 2004. The current loss recorded on the sale of these assets as of March 31, 2004 amounts to $17. If the management of this property is retained for the entire three years the Company expects to receive an additional $151.8 for the period April 1, 2004 through January 1, 2007. The gain on sale would then be approximately $134.5.

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Forward-Looking Statements

This discussion contains forward-looking statements. Although the Company believes expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. Factors that may cause actual results to differ include general economic and local real estate conditions, the weather and other conditions that might affect operating expenses, the timely completion of repositioning activities within anticipated budgets, the actual pace of future acquisitions and sales, including the sale of the general partner interests in affordable properties, and continued access to capital to fund growth.

Liquidity and Capital Resources

The Company's principal liquidity demands are expected to be distributions to the common and preferred stockholders and Operating Partnership Unitholders, capital improvements and repairs and maintenance for the properties, acquisition of additional properties, property development and debt repayments.

The Company intends to meet its short-term liquidity requirements through net cash flows provided by operating activities and its unsecured line of credit. The Company considers its ability to generate cash to be adequate to meet all operating requirements and make distributions to its stockholders in accordance with the provisions of the Internal Revenue Code, as amended, applicable to REITs.

As of March 31, 2004, the Company had an unsecured line of credit from M & T Bank of $115 million. The Company's outstanding balance as of March 31, 2004, was $71 million. Borrowings under the line of credit bear interest at 1.15% over the one-month LIBOR rate. Accordingly, increases in interest rates will increase the Company's interest expense and as a result will affect the Company's results of operations and financial condition. The Company renegotiated certain terms of the line of credit effective April 1, 2004, including a ten basis point drop in the interest rate and easing of certain covenant restrictions. The line of credit expires on September 1, 2005.

To the extent that the Company does not satisfy its long-term liquidity requirements through net cash flows provided by operating activities and its credit facility, it intends to satisfy such requirements through the issuance of UPREIT Units, proceeds from the Dividend Reinvestment Plan ("DRIP"), proceeds from the sale of properties, additional long term secured or unsecured indebtedness, or the issuance of additional equity securities. As of March 31, 2004, the Company owned 27 properties with 4,199 apartment units, which were unencumbered by debt.

In May 1998, the Company's Form S-3 Registration Statement was declared effective relating to the issuance of up to $400 million of common stock, preferred stock or other securities. The available balance on the shelf registration statement at March 31, 2004 was $144.4 million.

In May and June 2000, the Company completed the sale of $60 million of Series C Preferred Stock in a private transaction with affiliates of Prudential Real Estate Investors ("Prudential"), Teachers Insurance and Annuity Association of America ("Teachers"), affiliates of AEW Capital Management and Pacific Life Insurance Company. The Series C Preferred Stock carried an annual dividend rate equal to the greater of 8.75% or the actual dividend paid on the Company's common shares into which the preferred shares could be converted. The stock had a conversion price of $30.25 per share and a five-year, non-call provision. As part of the Series C Preferred Stock transaction, the Company also issued 240,000 warrants to purchase common shares at a price of $30.25 per share, expiring in five years. On January 9, 2003, holders of 100,000 shares of Series C Preferred Shares elected to convert those shares for 330,579 shares of common stock. On May 8, 2003, 200,000 shares of Series C Preferred Shares were converted into 661,157 shares of common stock. On August 26, 2003, 200,000 shares of Series C Preferred Shares were converted into 661,157 of common stock. On November 5, 2003, holders of the remaining 100,000 shares of Series C Preferred Shares elected to convert those shares for 330,579 shares of common stock.

On September 9, 2003, 17,780 warrants were exercised, resulting in the issuance of 17,780 shares of common stock. During the fourth quarter of 2003, the remaining 222,220 common stock warrants were exercised, resulting in the issuance of 222,220 shares of common stock. Neither the conversions nor the warrant exercise had an effect on the reported results of operations.

In June 2000, the Company completed the sale of $25 million of Series D Preferred Stock in a private transaction with The Equitable Life Assurance Society of the United States. The Series D Preferred Stock carries an annual dividend rate equal to the greater of 8.775% or the actual dividend paid on the Company's common shares into which the preferred shares can be converted. The stock has a conversion price of $30 per share and a five-year, non-call provision.

In December 2000, the Company completed the sale of $30 million of Series E Preferred Stock in a private transaction, again with affiliates of Prudential and Teachers. The Series E Preferred Stock carried an annual dividend rate equal to the greater of 8.55% or the actual dividend paid on the Company's common shares into which the preferred shares could be converted. The stock had a conversion price of $31.60 per share and a five-year, non-call provision. In addition, as part of the Series E Preferred Stock transaction, the Company issued warrants to purchase 285,000 common shares at a price of $31.60 per share, expiring in five years. On August 20, 2002, 63,200 of the Series E Convertible Preferred Shares were converted into 200,000 shares of common stock. On May 6, 2003, 36,800 shares of Series E Preferred Shares were converted into 116,456 shares of common stock. On August 26, 2003 the remaining 200,000 shares of Series E Preferred Shares were converted into 632,911 of common stock. On September 9, 2003, 17,100 warrants were exercised, resulting in the issuance of 17,100 shares of common stock. During the fourth quarter of 2003, the remaining 267,900 common stock warrants were exercised, resulting in the issuance of 267,900 shares of common stock. Neither the conversions nor the warrant exercise had an effect on the reported results of operations.

In March 2002, the Company issued 2,400,000 shares of its 9.00% Series F Cumulative Redeemable Preferred Stock ("Series F Preferred Shares"), with a $25.00 liquidation preference per share. This offering generated net proceeds of approximately $58 million. The net proceeds were used to fund the Series B preferred stock repurchase, property acquisitions, and property upgrades. The Series F Preferred Shares are redeemable by the Company at anytime on or after March 25, 2007 at a redemption price of $25.00 per share, plus any accumulated, accrued and unpaid dividends. Each Series F Preferred share will receive an annual dividend equal to 9.00% of the liquidation preference per share (equivalent to a fixed annual amount of $2.25 per share).

The issuance of UPREIT Units for property acquisitions continues to be a source of capital for the Company. During the first quarter of 2004, the Company acquired four communities with 534 units for a total purchase price of $64.2 million. The Company issued UPREIT Units valued at approximately $11.9 million as part of the consideration for two of the properties, with the balance funded by the assumption of debt and cash. During 2003, the Company exercised an option to acquire approximately 10 acres of land adjacent to one of its existing properties for $2.8 million. In connection with this transaction, the Company issued UPREIT Units valued at approximately $2.8 million. In addition, $2 million of UPREIT Units were issued to satisfy an existing liability.

During 2003, $30.3 million of common stock was issued under the Company's DRIP. An additional $7.9 million has been raised through the DRIP program during the first three months of 2004.

The DRIP was amended, effective April 10, 2001, in order to reduce management's perceived dilution from issuing new shares at or below the underlying net asset value. The discount on reinvested dividends and optional cash purchases was reduced from 3% to 2%. The maximum monthly investment (without receiving approval from the Company) was reduced from $5 thousand to $1 thousand. As expected, these changes significantly reduced participation in the plan. Management will continue to monitor the relationship between the Company's stock price and estimated net asset value. During times when this difference is small, management has the flexibility to issue waivers to DRIP participants to provide for investments in excess of the $1 thousand maximum monthly investment. In connection with the announcement of the February, 2002 dividend, the Company announced such waivers will be considered beginning with the March 2002 optional cash purchase, as management believed the stock was trading at or above its estimate of net asset value. No such waivers were granted during the 2003 or the first three months of 2004.

On August 6, 2002 the Board of Directors increased its authorization by 2,000,000 shares to repurchase its common stock or UPREIT Units in connection with the Company's stock repurchase program. The shares/units may be repurchased through open market or privately negotiated transactions at the discretion of Company management. The Board's action does not establish a target stock price or a specific timetable for share repurchase. During the first three months of 2004, there were no shares or UPREIT Units repurchased by the Company. At March 31, 2004 the Company had authorization to repurchase 3,135,800 shares of common stock and UPREIT Units under the stock repurchase program.

As of March 31, 2004, excluding the effect of the FIN 46R consolidations, the weighted average rate of interest on mortgage debt is 6.3% and the weighted average maturity is approximately 8 years. Approximately 93% of the debt is fixed rate. This limits the exposure to changes in interest rates, minimizing the effect on results of operations and financial condition.

Off-Balance Sheet Investments

Effective March 31, 2004, the Company adopted FASB Interpretation No. 46R – Consolidation of Variable Interest Entities, an interpretation of ARB No. 51 – Consolidated Financial Statements. The interpretation addresses consolidation by businesses of special purpose entities (variable interest entities, "VIE"). The Company has made a determination that all 41 of the remaining limited partnerships are Variable Interest Entities. The Company has further determined that it is the primary beneficiary in 34 of the limited partnerships and therefore consolidated these entities effective March 31, 2004. Home Properties determined that it is not the primary beneficiary in seven partnerships syndicated under U.S. Department of Housing and Urban Development subsidy programs. These seven investments will continue to be accounted for under the equity method. For those seven investments, the Company will continue to record its allocable share of the respective partnership's income or loss based on the terms of the agreement. To the extent it is determined that the LPs cannot absorb their share of the losses, if any, the GP will record the LPs share of such losses. The Company will absorb such losses to the extent the Company has outstanding loans or advances and the limited partner has no remaining capital account. The Company has no loans or advances to these seven partnerships as of March 31, 2004.

As indicated in Footnote 6, the Company is working towards a closing on Phase III by June 30, 2004. If the Company is able to close by this date, approximately $122 million of assets and $94 million of liabilities will be removed from the balance sheet in the second quarter. The following table below summarizes the effect of the consolidation requirements of FIN 46 on the balance sheet as of March 31, 2004.

Consolidation Summary of the Balance Sheet as of March 31, 2004
(in thousands)

	March 31, 2004 (before FIN 46)	Effect of FIN 46 Consolidation	March 31, 2004 (as reported)
ASSETS			
Real estate:			
Land	$ 399,991	$ 14,354	$ 414,345
Buildings, improvements and equipment	2,524,019	201,715	2,725,734
	2,924,010	216,069	3,140,079
Less: accumulated depreciation	(351,566)	(63,750)	(415,316)
Real estate, net	2,572,444	152,319	2,724,763
Cash and cash equivalents	6,254	850	7,104
Cash in escrows	40,650	7,645	48,295
Accounts receivable	3,412	1,248	4,660
Prepaid expenses	18,419	1,008	19,427
Investment in and advances to affiliates	4,256	(4,208)	48
Deferred charges	9,186	5,089	14,275
Other assets	7,337	284	7,621
Total assets	$2,661,958	$164,235	$2,826,193
LIABILITIES AND STOCKHOLDERS' EQUITY			
Mortgage notes payable	$1,446,257	$129,149	$1,575,406
Line of credit	71,000	-	71,000
Accounts payable	14,710	888	15,598
Accrued interest payable	7,485	2,504	9,989
Accrued expenses and other liabilities	18,148	797	18,945
Security deposits	23,094	1,174	24,268
Total liabilities	1,580,694	134,512	1,715,206
Minority interest	327,332	30,044	357,376
Stockholders' equity	753,932	(321)	753,611
Total liabilities and stockholders' equity	$2,661,958	$164,235	$2,826,193

The Company, through its general partnership interest in certain affordable property limited partnerships, has guaranteed the low income housing tax credits to the limited partners for a period of either five or ten years in 23 partnerships totaling approximately $48 million. Such guarantee requires the Company to operate the properties in compliance with Internal Revenue Code Section 42 for 15 years. The weighted average number of compliance years remaining is approximately 10 years. In addition, acting as the general partner in certain partnerships, the Company is obligated to advance funds to meet partnership operating deficits. Should operating deficits continue to occur, the Company would determine on an individual partnership basis if it is in the best interest of the Company to continue to fund these deficits.

The Company believes the properties operations conform to the applicable requirements as set forth above and do not anticipate any payment on the low income housing tax credit guarantees described above.

Acquisitions and Dispositions

During the first quarter of 2004, the Company has acquired seven apartment communities in four unrelated transactions. The acquisitions consisted of a portfolio of four apartment communities with a total of 534 units in New Jersey, two apartment communities in Maryland with a total of 468 units and one apartment community in Massachusetts with a total of 276 units. The total purchase price of $140.7 million, including closing costs, equated to an average of $110,000 per apartment. Consideration included $61.4 million of assumed debt (fair market value of $69.8 million), $67.4 million in cash and $11.9 million of UPREIT Units in the Company (fair market value of $12.1 million). The UPREIT Units are exchangeable for shares of the Company's common stock on a one-for-one basis. For purposes of determining the number of UPREIT Units issued, a value of $39.00 per unit was set when the transaction was negotiated. The combined weighted average expected first year capitalization rate on these acquisitions is 6.8%. Capitalization rate ("cap rate") is defined as the rate of interest used to convert the first year expected net operating income ("NOI") less a 3.0% management fee into a single present value. NOI is defined by the Company as rental income and property other income less operating and maintenance expenses. Management generally considers NOI to be an appropriate measure of operating performance because it helps investors to understand the operations of a community. In addition the apartment communities are valued and sold in the market by using a multiple of NOI.

Contractual Obligations and Other Commitments

The primary obligations of the Company relate to its borrowings under the line of credit and mortgage notes payable. The Company's line of credit matures in September 2005, and had $71 million outstanding at March 31, 2004. The $1.4 billion in mortgage notes payable from the Company's wholly owned properties, before the effect of FIN 46, have varying maturities ranging from 1 to 38 years. The weighted average interest rate of the Company's fixed rate notes was 6.41% and 6.47% at March 31, 2004 and December 31, 2003, respectively. The weighted average interest rate of the Company's variable rate notes and credit facility was 2.28% and 2.32% at March 31, 2004 and December 31, 2003, respectively.

The Company has a non-cancelable operating ground lease for one of its properties. The lease expires May 1, 2020, with options to extend the term of the lease for two successive terms of twenty-five years each. The lease provides for contingent rental payments based on certain variable factors. At March 31, 2004, future minimum rental payments required under the lease are $70 per year until the lease expires.

The Company leases its corporate office space from an affiliate and the office space for its regional offices from third parties. The corporate office space requires an annual base rent plus a pro-rata portion of property improvements, real estate taxes, and common area maintenance. The regional office leases require an annual base rent plus a pro-rata portion of real estate taxes.

Capital Improvements

The Company's policy is to capitalize costs related to the acquisition, development, rehabilitation, construction and improvement of properties. Capital improvements are costs that increase the value and extend the useful life of an asset. Ordinary repair and maintenance costs that do not extend the useful life of the asset are expensed as incurred. Costs incurred on a lease turnover due to normal wear and tear by the resident are expensed on the turn. Recurring capital improvements typically include: appliances, carpeting and flooring, HVAC equipment, kitchen/ bath cabinets, new roofs, site improvements and various exterior building improvements. Non- recurring, revenue generating capital improvements include, among other items: community centers, new windows, and kitchen/ bath apartment upgrades. Revenue generating capital improvements are reasonably expected to result in rental earnings or expense savings. The Company capitalizes interest and certain internal personnel costs related to the communities under rehabilitation and construction.

The Company estimates that on an annual basis $525 per unit is spent on recurring capital expenditures. During the three-month period ended March 31, 2004 approximately $131 per unit was estimated to be spent on recurring capital expenditures. The table below summarizes the actual total capital improvements incurred by major categories for the three-month periods ended March 31, 2004 and 2003 and an estimate of the breakdown of total capital improvements by major categories between recurring and non-recurring, revenue generating capital improvements for the three-month period ended March 31, 2004 as follows:

For the three-month period ended March 31,
(in thousands, except per unit data)

	2004						2003	
	Recurring Cap Ex	Per Unit(a)	Non-Recurring Cap Ex	Per Unit(a)	Total Capital Improvements	Per Unit(a)	Total Capital Improvements	Per Unit(a)
New Buildings	$ -	$ -	$ 553	$ 13	$ 553	$ 13	$ 387	$ 10
Major building improvements	944	23	2,495	60	3,439	83	3,415	85
Roof replacements	361	9	81	2	442	11	293	7
Site improvements	346	8	798	19	1,144	27	774	19
Apartment upgrades	681	16	5,818	140	6,499	156	7,656	190
Appliances	566	14	394	10	960	24	1,043	26
Carpeting/Flooring	1,775	43	526	13	2,301	56	2,266	56
HVAC/Mechanicals	523	13	2,350	57	2,873	70	2,253	56
Miscellaneous	230	5	775	19	1,005	24	840	21
Totals	$5,426	$131	$13,790	$333	$19,216	$464	$18,927	$470

(a) Calculated using the weighted average number of units outstanding, including 40,216 core units, 2003 acquisition units of 730 and 2004 acquisition units of 519 for the three-month period ended March 31, 2004 and 40,216 core units and 2003 acquisition units of 150 for the three-month period ended March 31, 2003.

The schedule below summarizes the breakdown of total capital improvements between core and non-core as follows:

For the three-month period ended March 31,
(in thousands, except per unit data)

	2004						2003	
	Recurring Cap Ex	Per Unit	Non-recurring Cap Ex	Per Unit	Total Capital Improvements	Per Unit	Total Capital Improvements	Per Unit
Core Communities	$5,263	$131	$13,737	$342	$19,000	$ 473	$18,915	$470
2004Acquisition Communities	68	131	2	4	70	135	-	-
2003Acquisition Communities	95	131	51	70	146	201	12	82
Sub-total	5,426	131	13,790	333	19,216	464	18,927	469
2004 Disposed Communities	-	-	-	-	-	-		-
2003 Disposed Communities	-	-	-	-	-	-	218	197
Corporate office expenditures (1)	-	-	-	-	630	-	540	-
	$5,426	$131	$13,790	$333	$19,846	$ 464	$19,685	$462

(1) No distinction is made between recurring and non-recurring expenditures for corporate office.

Results of Operations

Summary of Core Properties

The Company had 145 apartment communities with 40,216 units which were owned during both of the three-month periods being presented (the "Core Properties"). The Company has acquired an additional nine apartment communities with 2,008 units during 2004 and 2003 (the "Acquired Communities"). In addition, the Company also disposed of seven properties with a total of 1,568 units during 2003 (the “Disposition Communities”). These dispositions have been classified as discontinued operations. The inclusion of the Acquired Communities generally accounted for the significant changes in operating results for the three-months ended March 31, 2004.

A summary of the net operating income from Core Properties is as follows (in thousands):

	Three Month			
	2004	2003	$ Change	% Change
Rental income	$ 104,547	$ 99,406	$ 5,141	5.2%
Property other income	3,928	3,545	383	10.8%
Total income	108,475	102,951	5,524	5.4%
Operating and Maintenance	(52,718)	(48,588)	(4,130)	(8.5%)
Net operating income	$ 55,757	$ 54,363	$ 1,394	2.6%

A summary of net operating income from continuing operations is as follows (in thousands):

	Three Month			
	2004	2003	$ Change	% Change
Rental income	$ 108,526	$ 100,183	$ 8,343	8.3%
Property other income	4,054	3,596	458	(12.7%)
Total income	112,580	103,779	8,801	8.5%
Operating and Maintenance	(54,232)	(48,651)	(5,581)	(11.5%)
Net operating income	$ 58,348	$ 55,128	$ 3,220	5.8%

Comparison of three-months ended March 31, 2004 to the same period in 2003

Of the $8,343 increase in rental income, $3,202 is attributable to the Acquired Communities. The balance of this increase, or $5,141 which is from the Core Properties, was the result of an increase of 2.4% in weighted average rental rates, along with an increase in occupancy from 91.1% to 93.5%. Occupancy is defined as total possible rental income, net of vacancy and bad debt expense as a percentage of total possible rental income. Total possible rental income is determined by valuing occupied units at contract rates and vacant units at market rents.

Property other income, which consists primarily of income from operation of laundry facilities, late charges, administrative fees, garage and carport charges, net profits from corporate apartments, cable revenue, pet charges, and miscellaneous charges to residents increased by $458. Of this increase, $75 is attributable to the Acquired Communities and $383 represents a 10.8% increase from the Core Properties.

Of the $5,581 increase in operating and maintenance expenses, $1,451 is attributable to the Acquired Communities. The balance, a $4,130 increase, is attributable to the Core Properties and is primarily due to increases in repairs and maintenance, personnel costs, property insurance, and real estate taxes. These increases were offset in part by savings in snow removal costs. The increase in repairs and maintenance is primarily in the areas of contract repair, painting, and cleaning. One of the underlying reasons for the increase is the comparative quarter a year ago. The first quarter of 2003 did not represent a “typical” first quarter relative to the level of activity usually experienced. Last year maintenance staff were dealing with snow removal and other effects of a very severe winter, rather than working on other projects that more typically would have been done in the first quarter. In addition, as the result of a sales and use tax audit in New York for the period June 1, 1999 through May 31, 2002, the Company was required to record additional expense of $312 in contract repairs for sales tax not charged to the Company by its vendors. The total cost to the Company as a result of the audit amounted to $861. Of the remaining $549, $413 was capitalized to real estate assets and $136, before minority interest, to loss on disposition of property. Personnel expense increased compared to the same period one year ago due in part to an increase in site level incentive compensation as a result of improving rent and occupancies. Property insurance increased for the quarter primarily due to an increase in our general liability loss reserve based on historical losses to date which have been projected using actuarial assumptions. Real estate taxes were up over the same quarter a year ago due to a reduction in capital stock taxes in 2003 which we did not experience in the current year and a significant reassessment on one particular property. Snow removal costs were down significantly due to a normal winter this year compared to unusually severe conditions a year ago.

General and administrative expense decreased in 2004 by $394, or 7.7%. General and administrative expenses as a percentage of total revenues were 4.2% for 2004 as compared to 4.9% for 2003. The decrease is primarily due to the reduced level of activity in the Management Companies as a result of the sale of the Commercial Property division on January 1, 2004 and the sale of Phase I and II during 2003.

Interest expense increased in 2004 by $386 as a result of the increased borrowings in connection with acquisition of the 2004 Acquisition Communities, a full quarter of interest expense for the 2003 Acquisition Communities and additional mortgage debt and refinanced mortgage debt which took place during 2003. Interest expense in the first quarter of 2004 was reduced by $996 when two mortgage loans were paid off early at amounts less than the amounts carried on the Company's balance sheet. During 2003, the Company closed on additional mortgage debt of $80,100 and refinanced $24,000 in existing mortgage debt resulting in new borrowings of approximately $46,000.

Depreciation and amortization expense increased $2,896 due to the depreciation on the Acquisition Communities and the additions to the Core Properties.

Due to paying off two above rate mortgage loans early, prepayment penalties totaling $196 were incurred during the first quarter of 2004. Due to the prepayment of debt associated with the sale of Candlewood Apartments in Indiana during the first quarter of 2003, a $1,349 charge was recorded for the three-months ended March 31, 2003.

In the fourth quarter of 2002, the Company announced its intention to sell virtually all of the assets associated with its general partner interests in the affordable properties to focus solely on the direct ownership and management of market rate apartment communities. The assets include principally loans, advances and management contracts. During the first three-months of 2004, the Company recorded impairment charges of $1,116. Of this total, $171 represents advances made to certain of the affordable property limited partnerships during the first three months of 2004 which the Company believes will not be repaid upon the sale of the loans. The remaining $945 pertains to an additional net impairment charge taken on Phase III to reduce the assets to fair market value.

The equity in earnings (losses) of unconsolidated affiliates of $538 is primarily the result of the general partner recording a greater share of the underlying investment's losses due to the loans and advances to certain of the affordable property limited partnerships where the limited partner has no capital account. This is pursuant to the accounting requirements of EITF 99-10, "Percentage Used to Determine the Amount of Equity Method Losses." Included and classified in this account are $484 of advances made during the first three months of 2004 which the Company believes will not be repaid upon sale.

Minority interest increased $416 due to a general increase in income from operations along with a increase in the Equity in earnings (losses) of unconsolidated affiliates

In connection with the adoption of FIN 46, the Company recorded a $321 cumulative effect charge of a change in accounting principle in the first quarter of 2004. This charge was the result of negative capital accounts of minority interest partners that were absorbed by the Company.

Funds From Operations

Pursuant to the revised definition of Funds From Operations ("FFO") adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), FFO is defined as net income (computed in accordance with accounting principles generally accepted in the United States of America ("GAAP")) excluding gains or losses from sales of property, minority interest, extraordinary items and cumulative effect of change in accounting principle plus depreciation from real property including adjustments for unconsolidated partnerships and joint ventures less dividends from non-convertible preferred shares. The Company considers debt extinguishment costs which are incurred as a result of repaying property specific debt and non-cash real estate impairment charges, as a component of the gain or loss on sale of the property. Because of the limitations of the FFO definition as published by NAREIT as set forth above, the Company has made certain interpretations in applying the definition. The Company believes all adjustments not specifically provided for are consistent with the definition.

Management believes that in order to facilitate a clear understanding of the combined historical operating results of the Company, FFO should be considered in conjunction with net income as presented in the consolidated financial statements included elsewhere herein. Management believes that by excluding gains or losses related to dispositions of property and excluding real estate depreciation (which can vary among owners of similar assets in similar condition based on historical cost accounting and useful life estimates), FFO can help one compare the operating performance of a company's real estate between periods or as compared to different companies. FFO does not represent cash generated from operating activities in accordance with generally accepted accounting principles and is not necessarily indicative of cash available to fund cash needs. Cash provided by operating activities was $37,555 and $33,509 for the three-month period ended March 31, 2004 and 2003, respectively. Cash used in investing activities was $84,941 and $30,857 for three-month period ended March 31, 2004 and 2003, respectively. Cash provided by and (used in) financing activities was $48,537 and ($2,635) for the three-month period ended March 31, 2004 and 2003, respectively. FFO should not be considered as an alternative to net income as an indication of the Company's performance or to cash flow as a measure of liquidity.

The calculation of FFO and reconciliation to GAAP net income available to common shareholders for the three-month ended March 31, 2004 and 2003 are presented below (in thousands):

	Three Months	
	2004	2003
Net income available to common shareholders	$4,580	$3,871
Convertible preferred dividends	548	2,168
Minority interest	2,468	2,052
Minority interest – income (loss) from discontinued operations	-	(55)
Depreciation and amortization from real property	21,151	18,444
Depreciation from real property from unconsolidated entities	543	549
Impairment on General Partner real estate investment	945	-
Loss on disposition of property	50	-
(Gain) loss on disposition of discontinued operations, net of minority interest	13	(451)
Impairment of real property included in income from operations of disposed properties, before minority interest	-	423
Prepayment penalty from early extinguishment of debt in connection with sale of real estate	-	1,349
Cumulative effect of change in accounting principle, net of minority interest	321	-
FFO	$30,619	$28,350
Weighted average common shares/units outstanding:		
- Basic	48,340,834	43,606,285
- Diluted	48,893,465	43,803,428

All REITs may not be using the same definition for FFO. Accordingly, the above presentation may not be comparable to other similarly titled measures of FFO of other REITs.

Covenants

Series F Cumulative Redeemable Preferred Stock

In connection with the issuance of the Series F Preferred Stock, the Company is required to maintain for each fiscal quarterly period a fixed charge coverage ratio, as defined in the Series F Cumulative Redeemable Preferred Stock Article Supplementary, of 1.75 to 1.0. The fixed charge coverage ratio and the components thereof do not represent a measure of cash generated from operating activities in accordance with generally accepted accounting principles and are not necessarily indicative of cash available to fund cash needs. Further, this ratio should not be considered as an alternative measure to net income as an indication of the Company's performance or of cash flow as a measure of liquidity. The calculation of the fixed charge coverage ratio for the four most recent quarters since the issuance of the Series F Preferred Stock are presented below (in thousands). Net operating income from discontinued operations in the calculation below is defined as total revenues from discontinued operations less operating and maintenance expenses.

Calculation Presented for Series F Covenants

	Three-months ended			
	Mar. 31 2004	Dec 31 2003	Sept. 30 2003	June 30 2003
EBITDA				
Total revenues	$113,197	$111,458	$111,200	$109,713
Net operating income from discontinued operations	-	80	460	-
Operating and maintenance	(54,232)	(48,698)	(46,472)	(46,040)
General and administrative	(4,725)	(8,236)	(4,670)	(4,582)
Impairment of assets held as General Partner	(1,116)	(110)	(1,888)	(93)
Equity in earnings (losses) of unconsolidated affiliates	(538)	(395)	(313)	(444)
	$ 52,586	$ 54,099	$ 58,317	$ 58,554
Fixed Charges				
Interest expense	$ 21,332	$ 21,595	$ 21,456	$ 21,634
Interest expense on discontinued operations	-	79	116	-
Preferred dividends	1,898	1,984	2,646	3,192
Capitalized interest	171	230	230	230
	$ 23,401	$ 23,888	$ 24,448	$ 25,056
Times Coverage ratio:	2.25	2.26	2.39	2.34

Line of Credit

The Credit Agreement relating to the Company's line of credit provides for the Company to maintain certain financial ratios and measurements. One of these covenants is that the Company may not pay any distribution to its shareholders and holders of its UPREIT Units if a distribution, when added to other distributions paid during the three immediately preceding fiscal quarters, exceeds the greater of : (i) 90% of funds from operations, and 110% of cash available for distribution; and (ii) the amount required to maintain the Company's status as a REIT. During the first quarter of 2004, the funds from operations payout ratio was 90.5% when measured for the calendar year. Due to the granting of restricted stock to the retiring Co-CEO's in the fourth quarter of 2003 the Company did not meet the required ratio. Waivers have been granted by the participating banks for the charges incurred in 2003.

Economic Conditions

Substantially all of the leases at the Company's apartment communities are for a term of one year or less, which enables the Company to seek increased rents upon renewal of existing leases or commencement of new leases. These short-term leases minimize the potential adverse effect of inflation on rental income, although residents may leave without penalty at the end of their lease terms and may do so if rents are increased significantly.

Historically, real estate has been subject to a wide range of cyclical economic conditions, which affect various real estate sectors and geographic regions with differing intensities and at different times. During 2002, 2003 and continuing into 2004 many regions of the United States have experienced varying degrees of economic recession and certain recessionary trends, such as the cost of obtaining sufficient property and liability insurance coverage, short-term interest rates, and a temporary reduction in occupancy. In light of this, we will continue to review our business strategy however, we believe that given our property type and the geographic regions in which we are located, we do not anticipate any changes in our strategy or material effects in financial performance.

Declaration of Dividend

On May 5, 2004, the Board of Directors approved a dividend of $.62 per share for the quarter ended March 31, 2004. This is the equivalent of an annual distribution of $2.48 per share. The dividend is payable May 28, 2004 to shareholders of record on May 17, 2004.

On May 5, 2004 the Company also declared a regular dividend of $0.5625 per share on its Series F Cumulative Redeemable Preferred Stock, for the quarter ending May 31, 2004. The dividend on the preferred shares is payable on June 1, 2004, to shareholders of record on May 17, 2004. This dividend is equivalent to an annualized rate of $2.25 per share.

Contingency

In 2001, the Company underwent a state tax audit. The state has assessed taxes of $469,000 for the 1998 and 1999 tax years under audit. If the state's position is applied to all tax years through December 31, 2001, the assessment would be $1.3 million. At the time, the Company believed the assessment and the state's underlying position were not supportable by the law nor consistent with previously provided interpretative guidance from the office of the State Secretary of Revenue. After two subsequent enactments by the state legislation during 2002 affecting the pertinent tax statute, the Company was advised by outside tax counsel that its filing position for 1998-2001 should prevail. During December 2003, the state's governor signed legislation which included the REIT tax provisions. Based upon this, Company's tax counsel expects that the outstanding litigation should now be able to be resolved. Effective January 1, 2003, the Company reorganized the ownership of Home Properties Trust, which should subject the Company to a much lower level of tax going forward.

New Accounting Standard

In March 2004, the FASB issued EITF 03-6 "Participating Securities and the Two-Class Method under FASB Statement 128, *Earnings per Share*. EITF 03-6 addresses a number of questions regarding the computation of earnings per share by companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the company when, and if, it declares dividends on its common stock. The issue also provides further guidance in applying the two-class method of calculating EPS. It clarifies what constitutes a participating security and how to apply the two-class method of computing EPS once it is determined that a security is participating, including how to allocate undistributed earnings to such a security. The EITF is effective for the first fiscal periods beginning after March 31, 2004. The provisions of EITF 03-6 are not expected to have a material impact on the Company's financial statements.

In May 2003, FASB issued SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. On October 29, 2003 the FASB indefinitely deferred the provisions of paragraphs 9 and 10 of SFAS 150 as they apply to mandatorily redeemable noncontrolling interests. This deferral applies to minority interest ownerships in limited partnerships which are mandatorily redeemable upon termination of the partnership and therefore is potentially applicable to the affordable portfolio. The Company's investments in the limited partnerships consolidated under FIN 46R have a mandatory redeemable feature upon termination of the partnership. However, due to the tax credit restrictions on the consolidated partnerships, if the partnerships were terminated prior to the end of the tax credit compliance periods, the partnership would be liable to fund the tax credits payable to the limited partners.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The percentages and loan balances discussed below are prior to FIN 46 consolidations on the balance sheet to provide a better comparison to the December 31, 2003 balance sheet.

The Company's primary market risk exposure is interest rate risk. At March 31, 2004 and December 31, 2003, approximately 93% and 98%, respectively, of the Company's debt bore interest at fixed rates with a weighted average maturity of approximately 8 years and a weighted average interest rate of approximately 6.41% and 6.47%, respectively, including the $25.2 million of debt for both years which has been swapped to a fixed rate. The remainder of the Company's debt bears interest at variable rates with a weighted average maturity of approximately 7 and 2 years, respectively, and a weighted average interest rate of 2.28% and 2.32%, respectively, at March 31, 2004 and December 31, 2003. The Company does not intend to utilize a significant amount of permanent variable rate debt to acquire properties in the future. On occasion, the Company may use its line of credit in connection with a property acquisition with the intention to refinance at a later date. The Company believes, however, that in no event would increases in interest expense as a result of inflation significantly impact the Company's distributable cash flow.

At March 31, 2004 and December 31, 2003, the interest rate risk on $25.2 million of such variable rate debt has been mitigated through the use of interest rate swap agreements (the "Swaps") with major financial institutions. The Company is exposed to credit risk in the event of non-performance by the counter-parties to the Swaps. The Company believes it mitigates its credit risk by entering into these Swaps with major financial institutions. The Swaps effectively convert an aggregate of $25.2 million in variable rate mortgages to fixed rates of 5.91%, 8.22% and 8.40%.

At March 31, 2004 and December 31, 2003, the fair value of the Company's fixed rate debt, including the $25.2 million which was swapped to a fixed rate, amounted to a liability of $1.6 billion compared to its carrying amount of $1.4 billion. The Company estimates that a 100 basis point decrease in market interest rates at March 31, 2004 would have changed the fair value of the Company's fixed rate debt to a liability of $1.7 billion.

The Company intends to continuously monitor and actively manage interest costs on its variable rate debt portfolio and may enter into swap positions based upon market fluctuations. In addition, the Company believes that it has the ability to obtain funds through additional equity offerings or the issuance of UPREIT Units. Accordingly, the cost of obtaining such interest rate protection agreements in relation to the Company's access to capital markets will continue to be evaluated. The Company has not, and does not plan to, enter into any derivative financial instruments for trading or speculative purposes. As of March 31, 2004, the Company had no other material exposure to market risk.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports filed or submitted by the Company under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Chief Executive Officer and Chief Financial Officer as of the end of the period covered by this report, evaluated the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) and have determined that such disclosure controls and procedures are effective. There have been no changes in the internal controls over financial reporting identified in connection with the evaluation, or that occurred during the first quarter of the year ended December 31, 2004, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company has not identified any material weaknesses in its internal controls. Accordingly, no corrective actions have been taken.

PART II - OTHER INFORMATION

HOME PROPERTIES, INC.

Item 6. Exhibits and Reports or Form 8-K

(a) Exhibit 3.11 Articles of Amendment to the Articles of Incorporation of Home Properties of New York, Inc.

Exhibit 3.12 Amendment Number One to the Home Properties of New York, Inc. Amended and Restated Bylaws

Exhibit 31.1 Section 302 Certifications of Chief Executive Officer

Exhibit 31.2 Section 302 Certification of Chief Financial Officer

Exhibit 32.1 Section 906 Certifications of Chief Executive Officer

Exhibit 32.2 Section 906 Certification of Chief Financial Officer

(b) Reports on Form 8-K:

- Form 8-K was furnished on April 30, 2004, date of report April 30, 2004, as amended by Form 8-K/A filed on May 4, 2004, with respect to Items 7 and 12 disclosures regarding the Registrant's press release announcing its results for the first quarter of 2004 and the first quarter 2004 investor conference call.

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.

HOME PROPERTIES, INC.
(Registrant)

Date: May 10, 2004

By: /s/ Edward J. Pettinella
Edward J. Pettinella
President and Chief Executive Officer

Date: May 10, 2004

By: /s/ David P. Gardner
David P. Gardner
Executive Vice President and
Chief Financial Officer

Exhibit 3.11

ARTICLES OF AMENDMENT

HOME PROPERTIES OF NEW YORK, INC.

Home Properties of New York, Inc., a Maryland corporation, hereby certifies to the State Department of Assessments and Taxation of Maryland that:

1. The charter of the corporation is hereby amended as follows:

   The name of the corporation is Home Properties, Inc.

2. This amendment of the charter of the corporation has been approved by the affirmative vote of the entire board of directors.

We the undersigned President and Secretary swear under penalties of perjury that the foregoing is a corporate act.

/s/ Ann M. McCormick	/s/ Nelson B. Leenhouts
Secretary	President

Exhibit 3.12

AMENDMENT NUMBER ONE TO THE
HOME PROPERTIES OF NEW YORK, INC.
AMENDED AND RESTATED BYLAWS

Amended as of September 24, 2003

The Amended and Restated Bylaws of Home Properties of New York, Inc. (the "Corporation") are further amended as follows:

The name of the Corporation wherever set forth in the Bylaws shall be amended to read Home Properties, Inc.

Approved by the Board of Directors
on February 3, 2003.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14 PROMULGATED BY
THE SECURITIES AND EXCHANGE COMMISSION
(Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, Edward J Pettinella, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Home Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Edward J. Pettinella

Edward J. Pettinella
President and Chief Executive Officer
May 10, 2004

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14 PROMULGATED BY
THE SECURITIES AND EXCHANGE COMMISSION
(Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David P. Gardner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Home Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David P. Gardner

David P. Gardner
Executive Vice President and Chief Financial Officer
May 10, 2004

Exhibit 32.1

The following certification is furnished as provided by Rule 13a-14(b) promulgated under the Securities Act of 1934 and Item 601(b)(32)(ii) of Regulation 5-K.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Home Properties, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2004, as filed with the Securities and Exchange Commission on May 10, 2004 (the "Report"), I, Edward J. Pettinella, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Edward J. Pettinella

Edward J. Pettinella
President and Chief Executive Officer
May 10, 2004

A signed original of this written statement required by Section 906 has been provided to Home Properties, Inc. and will be retained by Home Properties, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

The following certification is furnished as provided by Rule 13a-14(b) promulgated under the Securities Act of 1934 and Item 601(b)(32)(ii) of Regulation 5-K.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Home Properties, Inc. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2004, as filed with the Securities and Exchange Commission on May 10, 2004 (the “Report”), I, David P. Gardner, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ David P. Gardner

David P. Gardner
Executive Vice President and
Chief Financial Officer
May 10, 2004

A signed original of this written statement required by Section 906 has been provided to Home Properties, Inc. and will be retained by Home Properties, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.