

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DOROTHY GAUTREAUX, et al.,

Plaintiffs,

-v-

PATRICIA R. HARRIS, Secretary of
the U.S. Department of Housing and
Urban Development and CHICAGO
HOUSING AUTHORITY, et al.,

Defendants.

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) NO. 66 C 1459
) 66 C 1460
) (Consolidated)
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MOTION FOR METROPOLITAN RELIEF
AGAINST DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

Now come plaintiffs, by their attorneys, pursuant to the order of the United States Supreme Court in Hills v. Gautreaux, 425 U.S. 284 (1976), and move the Court, "after affording the parties an opportunity to present their views" (id. at 306), to enter a metropolitan area remedial order against defendant, the U.S. Department of Housing and Urban Development (HUD). In support of this motion plaintiffs say:

I. Background

1. In Hills v. Gautreaux the Supreme Court considered "the authority of the District Court to order HUD to take remedial action outside the city limits of Chicago." (425

U.S. at 296.) Upon determining that the District Court possessed such authority, the Supreme Court "affirm[ed] the judgment of the Court of Appeals remanding [this] case to the District Court 'for additional evidence and for further consideration of the issue of metropolitan area relief.'" (425 U.S. at 306.) The Court also said:

"Our determination that the District Court has the authority to direct HUD to engage in remedial efforts in the metropolitan area outside the city limits of Chicago should not be interpreted as requiring a metropolitan area order. The nature and scope of the remedial decree to be entered on remand is a matter for the District Court in the exercise of its equitable discretion, after affording the parties an opportunity to present their views... [F]urther proceedings in the District Court are to be consistent with this opinion." (Id.)

2. Following the decision in Hills v. Gautreaux plaintiffs and HUD entered into an agreement, dated June 7, 1976 (the "1976 agreement"), later modified and extended by a second agreement, dated July 29, 1977 (the "1977 agreement"). Copies of both agreements, as several times amended, are attached hereto as Exhibits A and B. (The most recent amendment to the 1977 agreement extends that agreement until September 30, 1979.) Each agreement states that the steps set forth therein are intended to "enable the Court and the parties to the litigation to consider metropolitan-wide relief at a future point in time on a more informed basis." (Page 1 of each agreement.)

3. Paragraph 1 of the 1976 agreement provides that HUD will establish, and paragraph 1 of the 1977 agreement provides that as therein modified HUD will continue, a metropolitan remedial program (the "Demonstration Program"). Under the

Demonstration Program housing is provided to members of the plaintiff class throughout the Chicago metropolitan area in privately owned buildings through the Section 8 Lower-Income Housing Assistance program, established by the Housing and Community Development Act of 1974, "which has largely replaced the older federal low-income housing programs." (Hills v. Gautreaux, 425 U.S. at 303; see 42 U.S.C. §1437f.)

4. The 1977 agreement also provides that plaintiffs are to postpone seeking a metropolitan-wide relief order from the District Court for a period of time, now expired, and that thereafter "plaintiffs will be free to file pleadings in the Gautreaux litigation seeking metropolitan-wide relief..." (Paragraph 7.) This motion is plaintiffs' pleading seeking such relief.

II. The Dearth of Relief in Chicago

5. The plaintiff class in this case consists of approximately 40,000 families who are tenants of or applicants for housing owned and administered by the Chicago Housing Authority (CHA). The gist of the adjudicated wrongdoing by HUD and by CHA in this case is the denial by those defendants to plaintiff class families of housing opportunities in non-minority neighborhoods. (Hills v. Gautreaux, 425 U.S. at 286-89.)

6. The principal remedial order thus far entered against CHA requires CHA to provide plaintiff class families with housing in "predominantly white areas" - called the "General Public

Housing Area" - of Chicago. (Id. 288-89; see order of July 1, 1969, at 304 F.Supp. 736 (1969). The order also permits CHA to provide smaller amounts of housing in minority areas - called the "Limited Public Housing Area." Hills v. Gautreaux, 425 at 288-89.)

7. None of the remedial orders thus far entered has imposed any active duties upon HUD. HUD's sole affirmative obligation under the court orders entered to date is "to use its best efforts to assist CHA in increasing the supply of dwelling units..." (Hills v. Gautreaux, 425 U.S. at 291; see unreported order of September 11, 1973, a copy of which is attached hereto as Exhibit C.)

8. The amount of housing in the General Public Housing Area of Chicago thus far made available for plaintiff class families has been negligible in relation to the size of such class. In the aggregate, fewer than 400 dwelling units in such Area have been offered to plaintiff class families as follows:

- (a) About 60 dwelling units in buildings newly constructed under the conventional public housing program administered by CHA.
- (b) About 250 dwelling units under the "existing housing" program of the Section 8 Lower-Income Housing Assistance program (42 U.S.C. §1437f(d)) administered by CHA, a program available as a means of providing relief to the plaintiff class by virtue of this Court's order of May 5, 1975.
- (c) About 60 dwelling units under the Demonstration Program.

9. The prospect is bleak for providing substantial additional housing in the General Public Housing Area of Chicago in the near future.

- (a) An additional 200 dwelling units in the General Public Housing Area of Chicago to be provided to plaintiff class families under the conventional public housing program referred to in paragraph 8(a) above were authorized by this Court's order of May 18, 1979, entered pursuant to Article X of the judgment order of July 1, 1969. It is uncertain how long it will take CHA to provide these units, but CHA's experience suggests it will be not less than several years.
- (b) CHA has represented to Magistrate Olga Jurco, Special Master in this case, that it is virtually unable to provide additional dwelling units in the General Public Housing Area of Chicago to plaintiff class families under the Section 8 "existing housing" program referred to in paragraph 8(b) above because of the scarcity of available rental units in such Area.
- (c) The Demonstration Program is likewise unable to provide substantial additional dwelling units in the General Public Housing Area of Chicago because of the scarcity of available rental units in such Area.

10. Plaintiffs have sought and are seeking to increase the number of dwelling units in the General Public Housing Area of Chicago available to plaintiff class families. Through their already-granted motion for the appointment of an urban consultant to make recommendations to the Special Master, and through steps plaintiffs propose to take to seek implementation of the consultant's report, plaintiffs are seeking additional such relief in Chicago through action by CHA. Through their motion for further relief against HUD (filed on September 22, 1978, denied by the Court on March 30, 1979, and now pending on plaintiffs' motion to reconsider), plaintiffs are seeking additional such relief in Chicago through action by HUD. However, because of the great length of time required for the construction of new housing and for the rehabilitation of existing housing, neither of these efforts - assuming plaintiffs are granted the relief they seek by each motion - is likely to produce substantial additional dwelling units in the General Public Housing Area of Chicago in the near future. Thus, a substantial portion of the plaintiff class remains without a remedy or the likelihood of a remedy in the City of Chicago in the near future.

III. The Need for Metropolitan Relief

11. Since insubstantial relief has to date been provided to plaintiff class families, and since no substantial relief within Chicago is likely to be provided in the near future,

additional relief in the form of a metropolitan-wide remedial order against HUD, pursuant to the remand of the Supreme Court in Hills v. Gautreaux, 425 U.S. at 306, is required.

12. The Demonstration Program agreed to between plaintiffs and HUD has been the principal means of supplying relief to plaintiff class families to date. About 600 dwelling units have so far been made available to plaintiff class families under the Demonstration Program. Over 500 of these are located in predominantly white communities in the Chicago "housing market area" outside the city limits of Chicago. (Hills v. Gautreaux, 425 U.S. at 299. The remaining approximately 100 units are in Chicago. The Chicago housing market area consists of six counties in Northeastern Illinois.) Thus, in the approximately 2 1/2 years during which it has been in operation, the Demonstration Program has provided more remedial housing units to plaintiff class families in the metropolitan area outside Chicago than have been provided by all available means within Chicago in the ten years since the entry of the initial judgment order in this case on July 1, 1969. The Demonstration Program continues to provide dwelling units to plaintiff class families, principally outside Chicago, at the rate of about 20 units per month.

13. By virtue of an amendment to the 1977 agreement entered into on March 7, 1979, that agreement, including HUD's obligation to continue the Demonstration Program, will expire on September 30, 1979. Since March 7, 1979, plaintiffs have sought to engage HUD in a substantive discussion of arrangements to be agreed upon

for the period following September 30, 1979, but HUD has refused to enter into such a discussion and plaintiffs and HUD have not agreed upon an extension of the 1977 agreement beyond September 30, 1979. Based on conversations with HUD, plaintiffs are informed and believe that, unless ordered to do so by this Court, HUD will not continue the Demonstration Program after September 30, 1979.

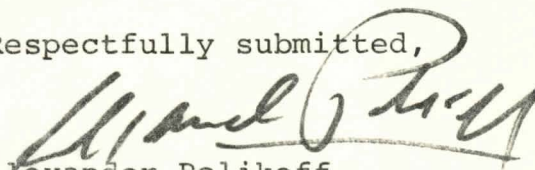
14. Because the Demonstration Program has been and continues to be the principal remedial mechanism in this case, equity requires that the Demonstration Program be continued until further order of Court.

15. Equity also requires that the Demonstration Program be improved and that additional forms of metropolitan relief, not provided for in the 1977 agreement, be afforded to plaintiff class families. As shown by the contrast between the size of the plaintiff class and the amount of relief so far provided, and by the pace at which the Demonstration Program is providing additional dwelling units to plaintiff class families, mere continuation of the Demonstration Program in its present form is insufficient relief.

Wherefore, "after affording the parties an opportunity to present their views..." (Hills v. Gautreaux, 425 U.S. at 306), plaintiffs request,

- (A) that the Court order HUD not to discontinue the Demonstration Program until further order of Court, and
- (B) that the Court order HUD to provide such additional forms of metropolitan relief as to the Court seem just and equitable.

Respectfully submitted,


Alexander Polikoff
One of the attorneys for Plaintiffs

June 29, 1979

Alexander Polikoff
109 North Dearborn
Chicago, Illinois 60602
(312) 641-5570

Milton I. Shadur
Bernard Weisberg
Robert J. Vollen
Elizabeth Lassar

EXHIBIT A



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

June 7, 1976

Mr. Alexander Polikoff, Esquire
109 North Dearborn Street
Chicago, Illinois 60602

Dear Mr. Polikoff:

Subject: The Gautreaux Litigation

This letter will confirm the understandings which, subject to submission for consideration by the District Court, HUD and the plaintiffs intend to carry out. It is intended that the steps set forth in this letter will enable the Court and the parties to the litigation to consider metropolitan-wide relief at a future point in time on a more informed basis. Neither the plaintiffs nor HUD make any representations as to what their respective positions ultimately will be regarding metropolitan-wide relief.

The said understandings are as follows:

1. HUD will develop a one year Section 8 demonstration program intended to house approximately 400 plaintiff class families in existing housing throughout the Chicago Standard Metropolitan Statistical Area (SMSA) along the following lines:
 - a. Not more than 25% of the families to be housed under this demonstration may locate in any portion of the City of Chicago or in minority areas (to be designated by agreement between HUD and the plaintiffs) of the Chicago SMSA outside of the City of Chicago. To the extent that any such families locate in the City of Chicago, it is understood that the units in which such families would be housed will be subject to existing court orders and should be treated as a separate category of units under those orders.

- b. HUD will enter into a contract with the Leadership Council for Metropolitan Open Communities under which the Leadership Council will provide the services of approximately six professional and three clerical employees to locate, counsel and assist members of the plaintiff class to find existing units, and locate owners of housing willing to participate in the demonstration program. It is intended that the Leadership Council's activities will commence on or about July 1, 1976.
- c. The Leadership Council will contact members of the plaintiff class in numbers and pursuant to a method to be determined, and will counsel and assist families who respond. These activities will be designed to house approximately 40 new subsidized families per month after the first few months.
- d. The 400 units will not be allocated among the counties, but tentative goals for distribution of such units among the counties are: approximately 100 to 150 units for Cook County, approximately 25 to 40 units for each of the other 5 counties in the Chicago SMSA and 0 to 100 units for Chicago plus designated minority areas outside Chicago. It is intended that families be located in each county in a dispersed fashion.
- e. All housing authorities in the SMSA will be given the opportunity to participate. Participating housing authorities will inspect units prior to occupancy, assist in initial occupancy, execute and administer the subsidy contract with owners, and perform the other functions of housing authorities under the Section 8 existing housing program. Housing authorities will receive the established 8 1/2% fee. The initial occupancy fee will be set at \$100, subject to adjustment by HUD, in view of the fact that services funded by HUD will be provided by the Leadership Council as referred to above. In areas where no housing authority has been organized or where an existing housing authority declines to participate, HUD will perform or cause to be performed the functions assigned to housing authorities under the Section 8 existing housing program.

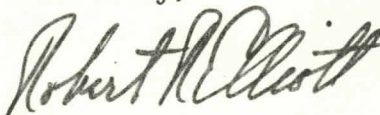
- f. HUD will amend annual contribution contracts with participating housing authorities to add the contract authority necessary to fund in full the additional number of units which each housing authority administers pursuant to the demonstration program.
2. Funding of the Chicago Housing Authority Section 8 existing housing program, as distinguished from the demonstration program under paragraph 1 above, is outside the scope of this letter. It is HUD's intention to provide additional authority to CHA for its Section 8 existing housing program to be used in accordance with such orders as are applicable in the Gautreaux litigation. In this connection, HUD initially plans to make available to CHA in the near future authority for approximately 875 family units of Section 8 existing housing.
3. Prior to June 30, 1977, HUD may invite further applications for additional authority for Section 8 existing housing programs in the SMSA outside of the City of Chicago up to the following amounts without imposition of any additional requirements or conditions by reason of the Gautreaux litigation: 1250 units on or before June 30, 1976; 500 units between July 1, 1976, and September 30, 1976; no units between October 1, 1976, and December 31, 1976; 500 units between January 1, 1977, and March 31, 1977; and 500 units between April 1, 1977, and June 30, 1977. Any units not provided to housing authorities by the close of the specified periods may be provided in the subsequent periods. Prior to June 30, 1977, HUD will not invite applications for Section 8 existing housing units in excess of the above without the consent of the plaintiffs.
4. HUD may proceed to advertise for approximately 1500 additional units of Section 8 new construction and substantial rehabilitation in the Chicago SMSA of which approximately 900 will be family units. With respect to said Section 8 family units, HUD will encourage but not require developers responding to the advertisement

or subsequent readvertisements prior to June 30, 1977, to make special efforts to house members of the plaintiff class. Prior to June 30, 1977, or such earlier date as plaintiffs file a pleading against HUD covered by paragraph 8, HUD will not advertise further Section 8 new construction or substantial rehabilitation units in the Chicago SMSA without the consent of plaintiffs.

5. HUD shall be free to transfer Section 8 authority currently allocated for use in the Chicago SMSA to the Illinois Housing Development Authority (IHDA), and to allocate additional authority to IHDA for use in the Chicago SMSA, prior to June 30, 1977, all subject to the continued existence of arrangements acceptable to the plaintiffs for the marketing of Section 8 units in the IHDA projects in which such authority is utilized.
6. Plaintiffs and HUD agree to explore actively the possibilities of housing members of the plaintiff class through utilization of the FHA multifamily program, the program to provide Section 8 assistance to multifamily projects in need of further financial assistance, and the programs for disposition of HUD acquired projects, as well as any further programs which are implemented by HUD prior to June 30, 1977.
7. Plaintiffs and HUD agree to work actively toward development of a conceptual framework for the ultimate disposition of the pending suit, for future use by the Court and the parties.
8. Plaintiffs agree to postpone seeking a metropolitan-wide relief order from the District Court for nine months from July 1, 1976, while the foregoing steps are implemented. After the expiration of the said nine month period, plaintiffs will be free to file pleadings in the Gautreaux litigation seeking metropolitan-wide relief or relief preliminary to metropolitan-wide relief, provided that in the event such a pleading is filed between April 1, 1977, and June 30, 1977, HUD shall be entitled to terminate the operation of the demonstration program under paragraph 1 above, and HUD's encouragement efforts under paragraph 4 above. Nothing in this paragraph 8 shall prevent plaintiffs from filing

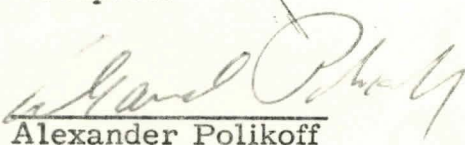
pleadings at any time seeking any type of relief from the Chicago Housing Authority, provided that any motion or pleadings seeking judicial relief to require the Chicago Housing Authority to seek authorization to operate housing programs outside of the City of Chicago and filed prior to June 30, 1977, shall be delivered in final draft to HUD at least 60 days prior to filing to enable HUD to determine what action to take in the Gautreaux litigation and under this letter, and provided further, that the subsequent filing by plaintiffs of such pleadings prior to June 30, 1977, shall relieve HUD of any obligation to continue operation thereafter of the demonstration program under paragraph 1, above, or to continue encouragement efforts under paragraph 4, above, but shall not limit or terminate any rights of HUD under this letter. Any unobligated Section 8 authority for new construction or substantial rehabilitation under paragraph 4 shall continue to be exempt after June 30, 1977, from plaintiffs' efforts in litigation to obtain metropolitan-wide relief, but only to the extent that such unobligated Section 8 authority is subsequently obligated pursuant to advertisements or readvertisements made prior to June 30, 1977. Commencing July 1, 1977, or the date on which HUD terminates the demonstration program or encouragement efforts pursuant to this paragraph 8, based upon a pleading filed by plaintiffs on or after April 1, 1977, unobligated Section 8 authority for existing housing under paragraph 3 shall not thereafter be exempt from plaintiffs' efforts in litigation to obtain metropolitan-wide relief.

Sincerely,



Robert R. Elliott
General Counsel

Accepted:


Alexander Polikoff

Date:

June 7, 1976



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

June 29, 1977

Alexander Polikoff, Esquire
109 North Dearborn Street
Chicago, Illinois 60602

Dear Mr. Polikoff:

Subject: The Gautreaux Litigation

Reference is made to the agreement dated June 7, 1976,
between you and Robert R. Elliott, then General Counsel of HUD.
HUD and the plaintiffs hereby agree that all of the terms and
provisions of said agreement shall remain in effect until
July 15, 1977, and that wherever the date June 30, 1977 appears
in said agreement, the date July 15, 1977 shall be substituted.

Sincerely,

A handwritten signature in cursive script, reading "Edward W. Norton", is written over a horizontal line.

Edward W. Norton
Deputy General Counsel

Accepted:

A handwritten signature in cursive script, reading "Alexander Polikoff", is written over a horizontal line.
Alexander Polikoff

Date: June 29, 1977



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

July 13, 1977

Alexander Polikoff, Esquire
109 North Dearborn Street
Chicago, Illinois 60602

Dear Mr. Polikoff:

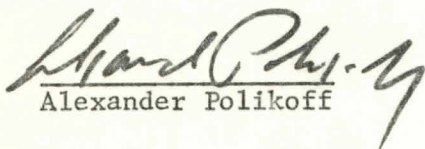
Subject: The Gautreaux Litigation

Reference is made to the agreement dated June 7, 1976, and extended on June 29, 1977, between you and Robert R. Elliott, then General Counsel of HUD. HUD and the plaintiffs hereby agree that all of the terms and provisions of said agreement shall remain in effect until July 22, 1977, and that wherever the date June 30, 1977 appears in said agreement, the date July 22, 1977 shall be substituted.

Sincerely,


Edward W. Norton
Deputy General Counsel

Accepted:


Alexander Polikoff

Date:

July 15, 1977



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

JUL 21 1977

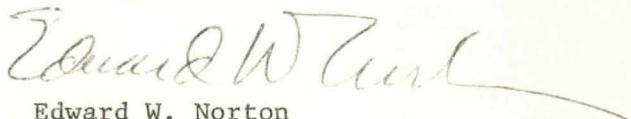
Alexander Polikoff, Esquire
109 North Dearborn Street
Chicago, Illinois 60602

Dear Mr. Polikoff:

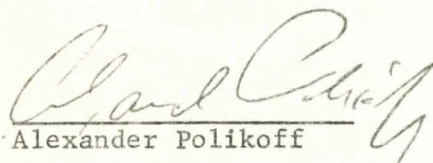
Subject: The Gautreaux Litigation

Reference is made to the agreement dated June 7, 1976, as extended on June 29, 1977 and July 15, 1977, between you and Robert R. Elliott, then General Counsel of HUD. HUD and the plaintiffs hereby agree that all of the terms and provisions of said agreement shall remain in effect until July 29, 1977, and that wherever the date June 30, 1977 appears in said agreement, the date July 29, 1977 shall be substituted.

Sincerely,


Edward W. Norton
Deputy General Counsel

Accepted:


Alexander Polikoff Date:



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

JUL 21 1977

Alexander Polikoff, Esquire
109 North Dearborn Street
Chicago, Illinois 60602

Dear Mr. Polikoff:

Subject: The Gautreaux Litigation

Reference is made to the agreement dated June 7, 1976, as extended on June 29, 1977 and July 15, 1977, between you and Robert R. Elliott, then General Counsel of HUD. HUD and the plaintiffs hereby agree that all of the terms and provisions of said agreement shall remain in effect until July 29, 1977, and that wherever the date June 30, 1977 appears in said agreement, the date July 29, 1977 shall be substituted.

Sincerely,

A handwritten signature in cursive script, reading "Edward W. Norton", is written over the typed name.

Edward W. Norton
Deputy General Counsel

Accepted:

A handwritten signature in cursive script, reading "Alexander Polikoff", is written over the typed name.

Alexander Polikoff

Date:

EXHIBIT B



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

July 29, 1977

Mr. Alexander Polikoff
Business and Professional People
for the Public Interest
109 North Dearborn Street
Chicago, Illinois 60602

Dear Mr. Polikoff:

Subject: The Gautreaux Litigation

This letter will confirm the understandings which, subject to submission for consideration by the District Court, HUD and the plaintiffs intend to carry out. This letter supplants the letter of understanding from Robert R. Elliott, then General Counsel of HUD, to you, dated June 7, 1976, as extended on June 29, 1977 and further extended on July 15, 1977, and July 21, 1977, and the provisions of that letter are deemed to be replaced by those contained herein. It is intended that the steps set forth in this letter will further enable the Court and the parties to the litigation to consider metropolitan-wide relief at a future point in time on a more informed basis. Neither the plaintiffs nor HUD make any representations as to what their respective positions ultimately will be regarding metropolitan-wide relief.

The said understandings are as follows:

1. HUD will continue the development of the demonstration program initiated pursuant to paragraph 1 of the letter of June 7, 1976, to provide plaintiff class families with housing assistance throughout the Chicago Standard Metropolitan Statistical Area (Chicago SMSA) along the following lines:

(a) Not more than 25% of the families to be housed under this demonstration may locate in any portion of the City of Chicago or in minority areas (to be designated by agreement between HUD and the plaintiffs) of the Chicago SMSA outside the City of Chicago. To the

extent that any such families locate in the City of Chicago, it is understood that the units in which such families would be housed will be subject to existing court orders and should be treated as a separate category of units under those orders.

(b) HUD will enter into a contract with the Leadership Council for Metropolitan Open Communities which will amend Contract H-4086, dated August 6, 1976, previously entered into between HUD and the Leadership Council pursuant to the letter of June 7, 1976. Under the amended contract the Leadership Council will initially provide the services of approximately 6 professional and 3 clerical employees to locate, counsel and assist members of the plaintiff class to find housing units, and to locate owners of housing willing to participate in the demonstration program. It is expected that the numbers of families to be counseled and units to be made available will increase over the period of the amended contract, and the provisions of the amended contract will provide that the number of such employees may increase, subject to the approval of the Government Technical Representative, to approximately 12 professional and 5 clerical employees by December 31, 1978, as the number of available units and families to be counseled indicates is appropriate.

(c) The Leadership Council will contact members of the plaintiff class substantially in accordance with the practice developed under Contract H-4086, and will counsel and assist families who respond.

(d) It is intended that units to be made available to members of the plaintiff class under this demonstration program during the period July 1, 1977 to December 31, 1978 will be supplied as follows:

- (i) After August 5, 1977, HUD will make available for the demonstration program, funds for no fewer than 500 units under the Section 8 Housing Assistance Payments Program -- Existing Housing among the counties in the Chicago SMSA (including any unutilized portion of the 400 units previously allocated pursuant to the letter of June 7, 1976). The tentative goals for distribution of such units among the counties are: approximately 150 units for Cook County, 145 units for DuPage County, 20 units for each of the other four counties in the Chicago SMSA, and 0-125 units for Chicago plus designated minority areas outside Chicago. It is intended that families be located in each county in a dispersed fashion.

Subject to the provisions of Contract H-4156 between HUD and the Fair Housing Center of Home Investments Fund, entered into pursuant to the letter of June 7, 1976, all public housing authorities in the Chicago SMSA will be given the opportunity to participate in the Section 8 Housing Assistance Payments Program -- Existing Housing referred to above. Participating public housing authorities will provide for (1) the inspection of units prior to occupancy, (2) assistance in initial occupancy, (3) execution and administration of the Housing Assistance Payments Contract with owners, and (4) performance of the other functions of public housing authorities under the Section 8 Housing Assistance Payments Program -- Existing Housing other than those functions being performed by the Leadership Council under Contract H-4086. Public housing authorities will receive the established 8-1/2% fee. The initial occupancy fee will be set at \$100, subject to adjustment by HUD, in view of the fact that services funded by HUD will be provided by the Leadership Council as referred to above. In areas where no public housing authority has been organized or where an existing public housing authority is unable or unwilling to participate, HUD will perform, by amendment or extension of Contract H-4156 with the Fair Housing Center of Home Investments Fund, or will otherwise provide for the performance of the functions normally assigned to public housing authorities under the Section 8 Housing Assistance Payments Program -- Existing Housing.

HUD will amend Annual Contributions Contracts with participating public housing authorities to add the contract authority necessary to fund in full the additional number of units which each housing authority administers pursuant to the demonstration program.

- (ii) After July 1, 1977, HUD will make available to members of the plaintiff class a total of no fewer than 500 units through the Section 8 Housing Assistance Payments Program -- New Construction and/or Substantial Rehabilitation and the

Traditional Public Housing Program among the counties in the Chicago SMSA. The availability of these units will be assured through marketing arrangements reasonably acceptable to the plaintiffs for all units funded in the Chicago SMSA under (1) Set-asides for state housing finance and/or development agencies under the Section 8 Housing Assistance Payments Program, (2) Notices of Fund Availability (NOFAs) for New Construction and/or Substantial Rehabilitation under the Section 8 Housing Assistance Payments Program and (3) Notices of Housing Assistance Availability (NOHAAs) under the Traditional Public Housing Program. No more than 25% of the units in any single project funded under this subparagraph d(ii) shall be required to be made available to members of the plaintiff class.

- (iii) HUD agrees to establish promptly (but in any event not later than October 1, 1977,) a special set-aside of not fewer than 500 units under the Section 8 Housing Assistance Payments Program -- New Construction and/or Substantial Rehabilitation for use in multifamily projects located in the Chicago SMSA and insured under Section 221(d)(4) of the National Housing Act. HUD will encourage sponsors of all Section 221(d)(4) projects in the Chicago SMSA to enter into an Agreement to Enter Into Housing Assistance Payments Contract for 20 percent of the units in each such project and will accord a priority in processing applications for mortgage insurance to all such sponsors who so agree as well as to other sponsors whose applications for insurance involve the utilization of housing assistance under the Section 8 Housing Assistance Payments Program. Twenty percent, but no fewer than three of the assisted units in each such project participating in this special Section 8 set-aside program, shall be made available to members of the plaintiff class through marketing arrangements reasonably acceptable to the plaintiffs. Such availability to members of the plaintiff class will be provided through arrangements with mortgagors for the notification of the Leadership Council 30 days in advance of initial marketing and acceptance of applications for occupancy and for making the

requisite number of units available to members of the plaintiff class referred by the Leadership Council during such 30 day period on the same terms as to the qualifying public at large, provided that no mortgagor will be expected to keep units available beyond such 30 day preoccupancy period. Any units occupied by members of the plaintiff class pursuant to such arrangements shall be counted toward the minimum goal of 500 units established in subparagraph (d)(ii) hereof.

2. Funding of the Chicago Housing Authority Section 8 Housing Assistance Payments Program -- Existing Housing, as distinguished from the demonstration program under paragraph 1 above, is outside the scope of this letter.

3. Prior to December 31, 1978, HUD may use additional contract authority for the Section 8 Housing Assistance Payments Program -- Existing Housing in the Chicago SMSA outside of the City of Chicago for up to 5500 units without imposition of any additional requirements or conditions by reason of the Gautreaux litigation. Prior to December 31, 1978, HUD will not use additional contract authority for the Section 8 Housing Assistance Payments Program -- Existing Housing in excess of the above without the consent of the plaintiffs.

4. Prior to December 31, 1978, or such earlier date as plaintiffs file a pleading against HUD covered by paragraph 7, HUD will not for the Chicago SMSA (a) fund the programs referred to in paragraph 1(d)(ii) hereof except pursuant to the arrangements reasonably acceptable to the plaintiffs referred to in said paragraph; or (b) obligate or otherwise permit housing assistance funds (Section 8 Housing Assistance Payments Program -- New Construction and/or Substantial Rehabilitation or Traditional Public Housing Program) to be used for elderly units as compared with non-elderly (family and large family) units other than in the same proportion as the three year goals by household type identified in the composite of all approved Housing Assistance Plans (HAPs) in the Chicago SMSA; provided that, funding of elderly units may be in excess of such proportion if it is demonstrated to the satisfaction of HUD that the community in which such units are proposed to be located is making substantial progress in meeting the lower income housing needs of non-elderly families and funding of such elderly units conforms to any applicable HAP. Without limiting the foregoing, HUD will consult with the plaintiffs if it proposes to issue NOFAs or NOHAAs or make Set-asides to state housing finance and/or development agencies in the

Chicago SMSA which do not condition the funding of elderly units upon the provision of non-elderly units.

5. Plaintiffs and HUD agree to explore actively all possibilities of housing members of the plaintiff class through utilization of the programs referred to in paragraph 1(d) hereof and any further programs which are implemented by HUD prior to December 31, 1978.

6. Plaintiffs and HUD agree to work actively and to cooperate during the term of this agreement to develop a framework for the ultimate disposition of the pending suit, for future use by the court and the parties. Development of such a framework requires the generation and/or organization of data and the evaluation of at least the following factors: the size, socio-economic characteristics and housing preferences of the plaintiff class; the relative cost effectiveness of the demonstration program and other efforts contemplated by this agreement to provide housing opportunities in the Chicago SMSA for members of the plaintiff class outside areas of minority racial concentration; and the appropriate allocation between the City of Chicago and the remainder of the Chicago SMSA of funds and efforts pursuant to these programs or other alternative programs for providing a remedy to members of the plaintiff class.

7. Plaintiffs agree to postpone seeking a metropolitan-wide relief order from the District Court for twelve months from July 1, 1977, while the foregoing steps are implemented. After the expiration of the said twelve month period, plaintiffs will be free to file pleadings in the Gautreaux litigation seeking metropolitan-wide relief or relief preliminary to metropolitan-wide relief. Nothing in this paragraph 7 shall prevent plaintiffs from filing pleadings at any time seeking any type of relief from the Chicago Housing Authority, provided that any motion or pleading seeking judicial relief to require the Chicago Housing Authority to seek authorization to operate housing programs outside of the City of Chicago and filed prior to December 31, 1978, shall be delivered in final draft to HUD at least 60 days prior to filing to enable HUD to determine what action to take in the Gautreaux litigation and under this letter. The filing of such a pleading seeking metropolitan-wide relief, or of such a pleading against the Chicago Housing Authority, shall not limit or terminate any rights of HUD under this letter but shall relieve HUD of any obligation to continue operation thereafter of the demonstration program under paragraph 1 above, except only that HUD shall remain obligated to continue such program with respect to such of the units to be made available to members of the plaintiff class under subparagraphs 1(d)(ii) and 1(d)(iii) hereof as are in projects for which (1) Set-aside contract authority for

state housing finance and/or development agencies under the Section 8 Housing Assistance Payments Program has been committed, (2) Section 8 Housing Assistance Payments Program ACC/HAP Contract Lists have been executed, (3) Traditional Public Housing Program ACC Lists have been executed or (4) firm commitments to insure a mortgage under the Section 221(d)(4) Program have been issued on or prior to the date of filing such pleading, and modification, if appropriate, of Contract H-4086 shall be made to provide for such continuation. Commencing January 1, 1979, or the date on which HUD terminates the demonstration program based upon a pleading filed by plaintiffs on or after July 1, 1978, unobligated Section 8 Housing Assistance Payments Program -- Existing Housing contract authority under paragraph 3 shall not thereafter be exempt from plaintiffs' efforts in litigation to obtain metropolitan-wide relief.

8. In the event the demonstration program is not (by subsequent agreement) continued after December 31, 1978, HUD shall continue such program with respect to such of the units to be made available to members of the plaintiff class under subparagraphs 1(d)(ii) and 1(d)(iii) hereof as are in projects for which (1) Set-aside contract authority for state housing finance and/or development agencies under the Section 8 Housing Assistance Payments Program has been committed, (2) Section 8 Housing Assistance Payments Program ACC/HAP contract lists have been executed, (3) Traditional Public Housing Program ACC Lists have been executed or, (4) firm commitments to insure a mortgage under the Section 221(d)(4) Program have been issued on or prior to such date, and modification, if appropriate, of Contract H-4086 shall be made to provide for such continuation.

Sincerely,

Ruth T. Prokop

Ruth T. Prokop

Accepted:

Alexander Polikoff
Alexander Polikoff

Date: July 29, 1977



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

September 8, 1977

Mr. Alexander Polikoff
Business and Professional People
for the Public Interest
109 North Dearborn Street
Chicago, Illinois 60602

Dear Mr. Polikoff:

Subject: The Gautreaux Litigation

This letter will supplement our letter of understanding signed on July 29, 1977, in order that Paragraph 1(a) may be modified to reflect the intent of HUD and the plaintiffs.

Paragraph 1(a) is hereby corrected to read as follows:

- (a) Not more than 25% of the families to be housed under Subparagraph 1(d)(i) of this demonstration may locate in any portion of the City of Chicago or in minority areas (to be designated by agreement between HUD and the plaintiffs) of the Chicago SMSA outside the City of Chicago. To the extent that any such families locate in the City of Chicago, it is understood that the units in which such families would be housed will be subject to existing court orders and should be treated as a separate category of units under those orders.

It is further agreed by HUD and the plaintiffs that all other terms and provisions of the July 29, 1977 letter of understanding should remain in full force and effect and it is not the intention of the parties to modify the letter of understanding other than as provided above.

Sincerely,

Ruth T. Prokop
Ruth T. Prokop

Accepted:

Alexander Polikoff
Alexander Polikoff
Date: 9/14/77



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

February 13, 1978

Mr. Alexander Polikoff
Business and Professional People
for the Public Interest
109 North Dearborn Street
Chicago, Illinois 60602

Re: The Gautreaux Litigation

Dear Mr. Polikoff:

This letter will modify our letter of understanding signed on July 29, 1977, as supplemented on September 8, 1977, in order that mortgagors utilizing the special set-aside of Section 8 Housing Assistance Payments Program--New Construction and/or Substantial Rehabilitation units established in paragraph 1(d)(iii) will not be precluded from applying to the Government National Mortgage Association (GNMA) under its Program 25 described in the GNMA Sellers Guide at Chapter 9, page 140.1, section 925 (dated February 16, 1978).

Paragraph 1(d)(iii) is hereby amended by changing the number "20" to "21" in the second sentence of that paragraph. That sentence as amended will read as follows:

"HUD will encourage sponsors of all Section 221(d)(4) projects in the Chicago SMSA to enter into an Agreement to Enter Into Housing Assistance Payments Contract for 21 percent of the units in each such project and will accord a priority in processing applications for mortgage insurance to all such sponsors who so agree as well as to other sponsors whose applications for insurance involve the utilization of housing assistance under the Section 8 Housing Assistance Payments Program."

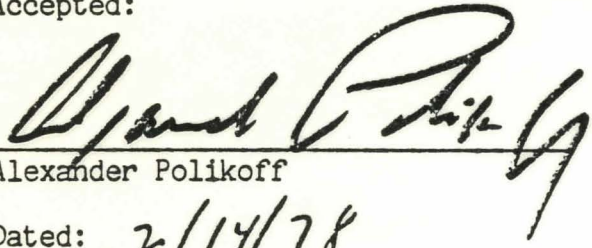
It is further agreed by HUD and the plaintiff that all of the terms and provisions of the July 29, 1977 letter of understanding as

supplemented on September 8, 1977, should remain in full force and effect and it is not the intention of the parties to modify the letter of understanding other than as provided above.

Sincerely,


for Ruth T. Prokop

Accepted:


Alexander Polikoff

Dated: 2/14/78



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

December 22, 1978

Alexander Polikoff, Esquire
Executive Director
Business and Professional People
for the Public Interest
109 North Dearborn Street
Chicago, Illinois 60602

Re: The *Gautreaux* Litigation

Dear Mr. Polikoff:

Reference is made to the agreement dated July 29, 1977, as amended on September 8, 1977 and February 13, 1978, between you and Ruth Prokop, General Counsel of the Department of Housing and Urban Development. The Department and the plaintiffs hereby agree that all of the terms and provisions of said agreement shall remain in effect until February 15, 1979, and that, wherever the date December 31, 1978 appears in said agreement, the date February 15, 1979 shall be substituted.

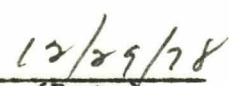
Sincerely,

/s/ Edward W. Norton

Edward W. Norton
Deputy General Counsel¹

Accepted:


Alexander Polikoff


(Date)



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

January 17, 1979

Alexander Polikoff, Esquire
Executive Director
Business and Professional People
for the Public Interest
109 North Dearborn Street
Chicago, Illinois 60602

Re: The Gautreaux Litigation

Dear Mr. Polikoff:

Reference is made to the agreement between you and Ruth Prokop, former General Counsel of the Department and Housing and Urban Development, dated July 29, 1977, as amended on September 9, 1977, February 13, 1978 and December 22, 1978. The Department and the plaintiffs hereby agree that all of the terms and provisions of said agreement shall remain in effect until March 9, 1979, and that, wherever the date December 31, 1978 appears in said agreement, the date shall be substituted.

Sincerely,

A handwritten signature in dark ink, appearing to read "Edward W. Norton", is written over a horizontal line.

Edward W. Norton
Acting General Counsel

Accepted:

A handwritten signature in dark ink, appearing to read "Alexander Polikoff", is written over a horizontal line.
Alexander Polikoff

1/24/79
(Date)



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

March 7, 1979

Alexander Polikoff, Esquire
Executive Director
Business and Professional People
for the Public Interest
109 North Dearborn Street
Chicago, Illinois 60602

Re: The Gautreaux Litigation

Dear Mr. Polikoff:

Reference is made to the agreement between you and Ruth Prokop, former General Counsel of the Department of Housing and Urban Development, dated July 29, 1977, as amended on September 9, 1977, February 13, 1978, December 22, 1978 and January 17, 1979. The Department and the plaintiffs hereby agree that all of the terms and provisions of said agreement shall remain in effect until September 30, 1979 and,

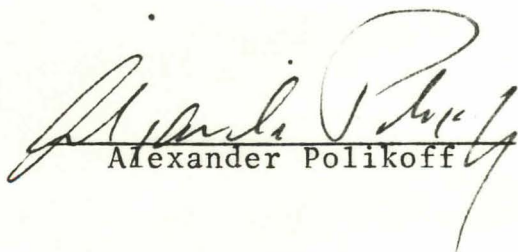
(1) wherever the date December 31, 1978 appears in said agreement, September 30, 1979 shall be substituted;

(2) in paragraph 7, the date October 1, 1979 shall be substituted for the date January 1, 1979.

Sincerely,


Edward W. Norton
Acting General Counsel

Accepted:


Alexander Polikoff

3/8/79
(Date)



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

SEP 27 1979

Alexander Polikoff, Esquire
Executive Director
Business and Professional People
for the Public Interest
109 North Dearborn Street
Chicago, Illinois 60602

RE: The Gautreaux Litigation

Dear Mr. Polikoff:

Reference is made to the agreement between you and Ruth Prokop, former General Counsel of the Department of Housing and Urban Development, dated July 29, 1977, as amended on September 9, 1977, February 13, 1978, December 22, 1978, January 17, 1979 and March 7, 1979. The Department and the plaintiffs hereby agree that all of the terms and provisions of said agreement shall remain in effect until December 31, 1979 and,

(1) wherever the date September 30, 1979 appears in said agreement, December 31, 1979 shall be substituted;

(2) in paragraph 7, the date January 1, 1980 shall be substituted for the date October 1, 1979.

Sincerely,

A handwritten signature in black ink, which appears to read "Edward W. Norton", is written over a horizontal line.

Edward W. Norton
Acting General Counsel

Accepted:

A handwritten signature in black ink, which appears to read "Alexander Polikoff", is written over a horizontal line.

Alexander Polikoff

10/1/79

(Date)

EXHIBIT C

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DOROTHY GAUTREAUX, et al.,	)	
	)	
Plaintiffs,	)	
	)	
vs.	)	
	)	NO. 66 C 1459
GEORGE W. ROMNEY, Secretary of	)	NO. 66 C 1460
the Department of Housing and	)	(Consolidated)
Urban Development, et al.,	)	
	)	
Defendants.	)	

MEMORANDUM OPINION and JUDGMENT ORDER

The facts of these cases have often been recited and need no repetition here.* This matter comes before me today on plaintiffs' motion (1) to defer my ruling on the proposed final judgment orders submitted by HUD and plaintiffs; (2) to determine that it is necessary to consider a metropolitan plan for relief; and (3) to provide for the preparation of such plans by HUD and CHA. For the reasons stated below, that motion is denied.

Stated simply, this lawsuit attacks racial discrim-

* See Gautreaux v. Chicago Housing Authority, 265 F.Supp. 582 (N.D.Ill. 1967), 296 F.Supp. 907 (N.D.Ill. 1969), 304 F.Supp. 736 (N.D.Ill. 1969, aff'd, 436 F.2d 306 (7th Cir. 1971); Gautreaux v. Romney, 448 F.2d 731 (7th Cir. 1971); 342 F.Supp. 827, aff'd, Slip Opinion dated May 18, 1973 (7th Cir.).

ination in public housing within the City of Chicago. Both defendants have previously been found liable to plaintiffs because they either fostered or tolerated the unconstitutional implementation of federal housing statutes. And, having already entered an appropriate judgment against CHA, what remains before me is the relief to be obtained from HUD.

Plaintiffs' motion asks me to consider the propriety of metropolitan area relief similar to that granted in Bradley v. Milliken, Slip Opinion Nos. 72-1809 and 72-1814, 42 U.S.L.W. 2022 (6th Cir. 1973), which was a case dealing with racial segregation in the Detroit public school system. But, although such relief may have been justified in Bradley, it is simply unwarranted here because it goes far beyond the issues of this case. Unlike education, the right to adequate housing is not constitutionally guaranteed and is a matter for the legislature. Lindsey v. Normet, 405 U.S. 56, 74 (1972). Of course, once such legislation is enacted into law, it is constitutionally impermissible to administer it in a racially discriminatory manner. Here, for example, the evils of racial discrimination in public housing were fostered

by decisions of the housing authority of the City of Chicago and tolerated by the federal agency which financed such projects.

However, the wrongs were committed within the limits of Chicago and solely against residents of the City. It has never been alleged that CHA and HUD discriminated or fostered racial discrimination in the suburbs and, given the limits of CHA's jurisdiction, such claims could never be proved against the principal offender herein. After years of seemingly interminable litigation, plaintiffs now suggest that I consider a metropolitan plan for relief against political entities which have previously had nothing to do with this lawsuit. The factual basis for their request is an opinion of an urbanologist that by the year 2000 the entire geographic area of the City of Chicago will be within the limited public housing area as defined by the judgment order entered on July 1, 1969. This is simply inadequate to support a request to consider imposing obligations upon those who were and are incapable of discriminatory site selection within the City of Chicago.

Furthermore, plaintiffs should not have to be reminded that no public housing has been built in this City since my order of July 1, 1969 because the municipal

authorities refused to approve sufficient sites for such housing and recently because of a lack of funds. But, now that one of those obstacles has been eliminated by the Seventh Circuit's recent affirmance of my order to build housing in Chicago without City Council approval, plaintiffs have curiously raised an issue that would let the principal offender, CHA, avoid the politically distasteful task before it by passing off its problems onto the suburbs.

Therefore, for the reasons stated above and in defendant HUD's memorandum of March 30, 1973, plaintiffs' motion to consider metropolitan relief is denied. Further,

A. IT IS HEREBY ORDERED, ADJUDGED AND DECREED: That plaintiffs' motion for summary judgment on Counts I and II of the complaint in Case Number 66 C 1460 be and hereby is granted;

B. IT IS FURTHER ORDERED, ADJUDGED AND DECREED: That the defendant, George W. Romney, Secretary of the Department of Housing and Urban Development, his successors, his officers, agents, servants, employees, representatives, and each of them shall use their best efforts to cooperate with CHA in its efforts to increase the supply of dwelling units, in conformity with:

(a) all federal statutes applicable to the low

rent housing program;

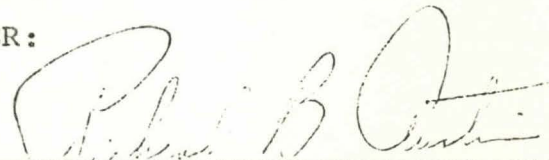
(b) rules and regulations promulgated by HUD for the administration of said program; and,

(c) the provisions of the Judgment Order entered by this court in the companion case (No. 66 C 1459) on July 1, 1969, as amended, as well as all other final, nonappealable orders entered by this court from time to time in these proceedings;

C. IT IS FURTHER ORDERED, ADJUDGED AND DECREED:

That the defendant George W. Romney, Secretary of the Department of Housing and Urban Development, his successors, officers, agents, servants, employees, representatives, and each of them are hereby permanently enjoined and restrained from approving and funding development programs - for low rent family public housing in the City of Chicago which are inconsistent with the terms of this Judgment Order.

ENTER:



Judge, United States District Court

DATED: September 11, 1973

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

RECEIVED

JUN 29 1979

DOROTHY GAUTREAUX, et al.,

Plaintiffs,

-v-

PATRICIA R. HARRIS, Secretary of the
U.S. Department of Housing and Urban
Development and CHICAGO HOUSING
AUTHORITY, et al.,

Defendants.

John Powers Crowley, Judge
United States District Court

NO. 66 C 1459

66 C 1460

(Consolidated)

NOTICE OF FILING AND PRESENTATION OF MOTION

TO: Richard Flando, Esq.
300 South Wacker Drive
Chicago, Illinois 60606

Thomas P. Sullivan, Esq.
United States Attorney
219 South Dearborn Street
Chicago, Illinois 60604

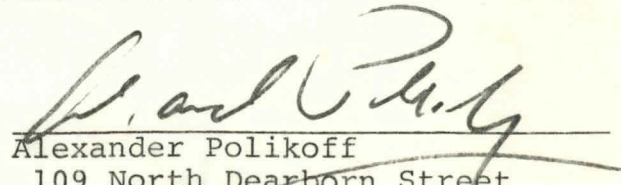
Calvin H. Hall, Esq.
22 West Madison Street
Chicago, Illinois 60602

Earl L. Neal, Esq.
111 West Washington Street
Chicago, Illinois 60603

Robert Retke, Esq.
City Hall
121 North LaSalle Street
Chicago, Illinois 60602

Jeffrey Jahns, Esq.
120 South LaSalle Street
Chicago, Illinois 60603

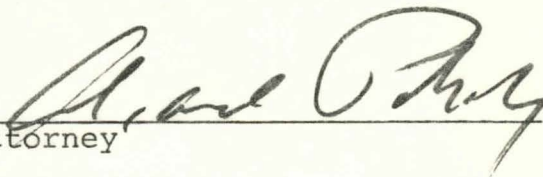
PLEASE TAKE NOTICE that on June 29, 1979, I filed plaintiffs' Motion for Metropolitan Relief Against Department of Housing and Urban Development with the clerk for the Honorable Judge John Powers Crowley in the United States District Court for the Northern District of Illinois, Eastern Division, a copy of which Motion is attached hereto and herewith served upon you. Please take further notice that at 9:30 a.m. on Monday, July 2, 1979, I shall appear before Judge Crowley in said Court and shall then and there present said Motion and request that a schedule be established for the consideration thereof.


Alexander Polikoff
109 North Dearborn Street
Chicago, Illinois 60602
(312) 641-5570

DATED: June 29, 1979

CERTIFICATE OF SERVICE

I certify that on this 29th day of June, 1979, I served the foregoing Notice, and the Motion referred to therein, upon each of the attorneys to whom the Notice is addressed by causing it to be personally delivered to their offices before 4:30 p.m.



Attorney