

MEMORANDUM

TO: The Honorable Marvin E. Aspen
The Honorable James B. Zagel

FROM: Daniel E. Levin, Chairman
The Habitat Company

DATE: June 9, 1997

SUBJECT: RECEIVER'S REPORT TO STATUS CONFERENCE OF JUNE 9

INTRODUCTION.

The Receiver's Motion brought certain matters to the Courts' attention because we saw it as our responsibility as the Court's Receiver, and therefore its agent, to keep the Courts informed of what we are convinced are serious problems affecting our work. We have tried to resolve these problems for over a year by direct talks with the parties. Unfortunately, we now believe it is necessary to seek your assistance and instructions in addressing these problems.

We recognize that our Motion was made against a background of disputes between the Gautreaux class and the CHA as to the ongoing scope of the Gautreaux case. The Receiver takes no position on how those disputes should be resolved.

We are pleased that the current CHA administration has made progress in portions of the administration of the CHA. But many substantial problems remain. We have brought some of the problems to the Courts' attention not to assess blame, but because these problems affect our work, and the fulfillment of the program objectives.

To facilitate discussion of the issues, and to advance the presentation of these issues in the time available before the Courts, we have reduced this report to writing.^{1/}

^{1/} We also wish to correct some inaccurate statements made in the CHA's Pre-Conference Memorandum, filed last week.

One of those misimpressions was the suggestion that the Receiver conducted a major press campaign. The Receiver was informed the week of May 20 that Mr. Gates was sending a letter in which he explained why he refused to turn over units. That brought to a head matters
(continued...)

THE PROBLEM OF VACANCIES.

We believe the issue of vacancies needs to be addressed in the immediate future. A central problem is the large percentage of new, completed but untenanted units at Horner, as well as elsewhere throughout the scattered site system. This problem is of even greater concern because we have 66 more new units that should be completed and turned over to the CHA by the end of July.

We would like to discuss the causes of those vacancies, and their consequences.

Horner Vacancies. The fact that the tenant selection process for replacement housing is not working is illustrated by two points. Exhibit A is a fact sheet listing the turnover dates and vacancies at the Horner sites. As you can see, there have been serious delays in filling the replacement units at the Horner redevelopment sites -- primarily in the Horner family units, but also in the 50-80% of income, or so-called market rate, units. As of today, we believe there are 18 completed units we built at Horner that have no tenants -- out of a total of 43 completed units.^{2/}

^{1/}(...continued)

that had been developing. The letter arrived on May 22, along with a call from a reporter asking for comments. Habitat informed the reporter that it was filing a motion, and would not otherwise comment. The reporter asked for a copy of the motion, and it was provided to him when the motion was filed on the 23rd. As part of a standard policy of not appearing to favor one media outlet over another, copies of the motion were provided to other reporters. Habitat did not issue a press statement, did not conduct a press conference, and refused to comment on the matter, beyond saying that it would be addressed in Court.

^{2/} The CHA and the Horner plaintiffs have made the incorrect claim that occupancy was delayed by a fire hazard or other life safety violations. All of the units were certified as conforming to code when the building permits were issued by the City, when the architect certified the plans, and when the occupancy certificates were issued by the City. Indeed, the CHA had accepted the units as complete and ready for occupancy. HRC requested some changes and upgrades, which Habitat looked at, and some were made. But the CHA moved tenants into other units in the same condition before the changes were made; no immediate safety issue was involved. Exhibit B discusses this point.

In addition, the fact that there were a few punchlist items did not unduly delay occupancy. Habitat has developed private housing as well as public housing for many years; there are always punchlist items for housing at any level. The CHA moved people into some of the units that had similar punchlist items. There was no sensible reason it could not have moved others into the units that it later claimed had punchlist items.

Vacancies at Scattered Site Housing. The CHA's delay in filling replacement units at Horner is consistent with the CHA's wider problem in filling the more than 1400 scattered site housing units we have completed throughout the City. We are not certain that we have completely accurate information on this. The private managers have told us that the CHA has instructed its private managers not to cooperate with us and not to give us detailed information on vacancies. Our information shows, however, that there are at least sixty-eight untenanted units in the non-Horner scattered site developments we have built -- more than the fifty-eight mentioned in our Motion. Exhibit C discusses what we know about scattered site vacancies.

The failure of the CHA to cooperate with Habitat is a violation of the Order appointing the Receiver that the Receiver intends to address separately, if necessary.^{3/} The Receiver needs information about vacancies to comply with HUD reporting requirements. See Exhibit D, attached. This is one of the areas where we are concerned that the CHA has not complied with the Order.

PROBLEMS IN PROVIDING QUALIFIED TENANTS.

There seem to be several reasons why there have been problems in identifying tenants to move into new replacement housing -- even in the market rate Horner units where the CHA claims there is a large waiting list.

Horner Tenant Screening Process -- the List. At Horner, much of the problem is because the CHA's tenant screening process has not worked. Partly, this is because the CHA appears not to have an accurate list of who is living at Horner, and it does not have a list of the priority in which these individuals are entitled to housing under the consent decree. The only accurate list appears to be in the possession of the Horner counsel. We have heard that HRC has not had access to the list -- only its counsel. We do not understand why the CHA as the Owner has not taken additional action to expedite its obtaining accurate information about its current Horner tenants and their potential eligibility for transfer to the replacement housing.

Slow Screening Because of the List. Counsel for the HRC has doled out only a few names at a time to the CHA for processing. The CHA and HRC have then discussed whether certain people should be moved into the housing. Because of the slow pace, there have not been qualified tenants in the pipeline when the housing becomes available.

Horner Consent Decree Screening Limitations. More detailed screening hasn't been possible, apparently, in part, because of the consent decree. The consent decree limits the rights of the CHA to use screening standards, and prevents it from using those that would be used by private managers -- whether for private housing or other CHA locations. But the absence of

^{3/} The August 14, 1987 Order in the Gautreaux case directed the CHA to cooperate with the Receiver.

thorough screening complicates the success of the relocation, and the ability of the Receiver to successfully build an economically integrated community.

CHA's Occupancy Department. As the scattered site figures show, this problem is not limited to the Horner class units. The reason for the Horner market-rate delays appears to be related to the broader problems the CHA has in filling empty units. We understand the Occupancy Department may be the bottleneck for the market rate tenants, as well, for private managers are sending names to the CHA, but they are not getting screened promptly.

Indeed, the CHA Occupancy Department had so much trouble that it was shut down from May 1 to November 1 in 1996. It still is not functioning effectively, for we get reports from private managers that they find prospective tenants, send them to the Occupancy Department, then don't hear back for inordinate amounts of time. We know this from our own experience in managing two elderly housing developments and a family development where many units ready for occupancy have remained vacant for extended periods.^{4/}

TENANT TRAINING.

The other side of the problem is the concern raised by Mr. Gates in his letter about inadequately selected or trained tenants being put into the Horner and other housing. At Horner, there was in fact a woman who dried her laundry hanging from nails above the stove. There were several witnesses, and we gave the CHA memos about it listing witnesses before they filed a memorandum claiming it was an "urban myth." There have been other allegations of problems with improper house guests, prostitution out of one of the new houses, etc.

The laundry incident, by itself, is symbolic of a larger problem. The failure of the CHA to acknowledge the problem and to take effective steps to diminish the likelihood of these incidents is a major problem. Unusual things happen, of course, at residential developments. There are understandably larger problems at Horner than most places. To us, that compels an acceptance of the fact that the problems need to be addressed with a high level of attention and professionalism, along with having special services in place.

Similarly, the occurrence where a unit allegedly was trashed by a tenant's daughter was not just an isolated incident. It's symptomatic of the CHA's failure to develop a screening system, including a proper needs assessment, to identify and deal appropriately with a Horner tenant family that is not immediately qualified for replacement housing.

The CHA Training Program for Horner Has Been Almost Nonexistent. The CHA now claims to have put an orientation program in place. According to the CHA's Pre-Conference Memorandum, it started May 3, about a year after the first residents moved in. That means that

^{4/} There is a confidentiality clause in our contract that arguably applies; if the CHA will waive it, we will be glad to inform the Court of the numbers of vacancies and their causes.

none of the people currently living in the Horner replacement housing went through the orientation program before moving in -- and it is only an orientation program, not the kind of detailed training in life skills that has been recommended. A proper training program should have been in place more than a year ago.

Further, the single orientation meeting that did occur happened only after Mr. Gates insisted, and was only one session. Many of the tenants already in the replacement housing didn't attend. Further, the second session, scheduled for this past Saturday, was cancelled by CHA.

The suggestion in the CHA's Pre-Trial memorandum that in order to move into replacement housing, everyone must participate in a meaningful orientation program, is very misleading. The limited orientation program that has occurred is inconsistent with the needs assessment and more detailed program promised in the letter from Mr. Shuldiner that was attached as Exhibit C to the Receiver's Emergency Motion.

Our understanding is that Mr. Gates, after extended and fruitless discussions with the CHA, has independently put together a proposed training program and obtained a promise of \$1 million in funding from a private foundation for four years. He has submitted the program to the CHA and is awaiting a response.

History of Meetings Discussing Screening and Training of Tenants. The Horner parties have spent the past 18 months arguing about screening and training programs, but have not put an effective system in place. Exhibit E is a fact sheet setting forth the chronology of the more than two dozen meetings on screening and training over the past eighteen months. Despite all of the meetings, an effective system, acceptable to the Horner class and the community where the housing is being put, has not yet been put in place.

NEEDS ASSESSMENTS HAVE NOT OCCURRED.

The Consent Decree provided that a needs assessment be provided to each family. The CHA took responsibility for setting up such a program. Exhibit I is a June 5, 1997 letter from Martin Adams of the University of Illinois at Chicago ("UIC") to Mr. Shuldiner. It sets forth the chronology of the CHA's actions (or inaction) in this area.

Unfortunately, this letter shows that the CHA has failed to pursue the needs assessment program. An original Request for Proposals was issued in November 1995, for work beginning on January 1, 1996. An award was made to UIC, then revoked. A new award was made, then modified. A contract was signed, but no notice to proceed was ever given. No needs assessments have occurred.

EVICTIONS.

In addition, the CHA was required under the Horner decree to institute evictions against tenants who deserved it. The importance of this action was recognized by all, including the CHA and HRC.^{5/} Taking action on evictions was even more important than usual because of the limitations in the consent decree on screening residents who remained at Horner. No evictions were initiated "for cause" from September 1995, when HUD took over the CHA, to July 1, 1996, when Pinnacle (HUD's first private manager) took over Horner. In the next nine months, through 3/30/97, Pinnacle started no "for cause" evictions. If the "for cause" evictions had been started almost two years ago, when HUD took over the CHA, the problem tenants would have been evicted. Finally, on April 1, the CHA fired its first private manager and hired a new one, which has begun to act. But 18 months were lost by no action, greatly complicating the process of screening tenants by leaving in place unqualified persons who must be screened.^{6/}

WHY THIS IS AN EMERGENCY.

We viewed this matter as an emergency because of the consequences of the CHA's inability to place qualified tenants in units as they became available.

66 New Units in June and July. In addition to all of the units that have been untenanted, we have 66 new units that should be ready to be turned over in June and July. In light of the history set forth above, we question the ability of the CHA to place qualified tenants in those units in a timely fashion, in addition to filling the existing vacancies.

Vandalism at Horner. One important consequence of empty units is vandalism. Contrary to what the CHA has said, there has been vandalism of the Horner replacement units, both during construction, when the sites were under the control of the contractors, and after turnover to the CHA. Exhibit G is a fact sheet with a schedule of the incidents of which we are aware.^{7/}

^{5/} See the April 15, 1997 letter from Mr. Shuldiner to Mr. Wilen, attached as Exhibit C to our Motion, and the April 28, 1997 letter from Mr. Wilen to Mr. Shuldiner, attached as Exhibit D to our Motion.

^{6/} The CHA's Pre-Conference Memorandum made the irrelevant charge that Habitat had not instituted any evictions in a development it manages for the CHA. That is not true. Exhibit F is a memo on the 10 evictions instituted there.

^{7/} We view the night-time housesitting program that has recently been instituted at Horner as something of an improvement, but no answer to the fundamental problem. Homeless persons serving as short-term housesitters are not likely to be nearly as protective of the property as full-time tenants. They have not been placed at all of the buildings, and even when they are used, the CHA places only one housesitter per each multi-unit building. They are only present from 7:00 p.m. to 7:00 a.m. Our understanding is that last week there were nine housesitters in the 18 Horner units not occupied by tenants.

Vandalism Elsewhere at Scattered Site. Our experience elsewhere in the City with the scattered-site program is that units that don't have qualified tenants in them are more subject to vandalism than units with tenants. Exhibit H is a schedule of non-Horner scattered-site units of which we are aware that have been vandalized when vacant, after turnover to the CHA.^{8/}

Scattered-site Requires Intensive Marketing. We have made scattered-site housing succeed outside of Horner in part because of an intensive marketing effort Habitat has made to communities to convince them that the scattered site units, under private management, will be an asset to their neighborhood. That marketing effort is negated when a community sees that traditional CHA problems are being carried over to new housing. That is what is happening east of Western -- and it's hurting community acceptance west of Western.

WEST OF WESTERN.

West of Western Schedule. While the Horner replacement housing east of Western is largely on, or ahead of schedule, the housing we are trying to build west of Western is behind schedule. One reason for that was a CHA request that we change the number of bedrooms for many of the units.^{9/} Another important reason is the concern of the community west of Western with the problems the CHA has had at the Horner replacement housing, particularly on the Superblock, where so many units are located in one place. The community is aware of the

^{8/} There are more instances of vandalism at Horner, before and after turnover, than have been typical in the scattered site program. That underlines the difficulty of building a large replacement housing program successfully in the area, and therefore the need for a maximum degree of effort and cooperation by all parties committed to the success of the program.

Exhibit H may not be complete. These are examples that Habitat has assembled for this Report.

^{9/} Mr. Wilen's Memorandum, filed June 6, said that the Horner plaintiffs did not approve of the change in the number of bedrooms of units to provide more units with four or more bedrooms, based on information about the number of large families given to Habitat after the program schedule had been set and after the last amendment to the consent decree. They did. The change was approved at a meeting on February 7, 1997, attended by representatives of HRC, Pinnacle, CHA, BPI, and Habitat, where all present approved the change. Mr. Wilen was present at several meetings that discussed this with all interested parties. The locations and changes were approved by all; no decision was made unilaterally by the Receiver.

This change in the number of bedrooms is also responsible for much of the delay east of Western. The other causes for the delays are delays in City infrastructure, and design issues related to west of Western changes. None of these issues are within the Receiver's control. These matters were discussed in our May 23 Report, which was attached to our Motion. We would be glad to discuss any particular issue in more detail.

vandalism, the housekeeping problems, the empty units, and the screening and training issues. They've been protesting about it to us for months.^{10/} They have also been protesting the design of the units and their density as being insufficiently compatible with the existing neighborhood.

Redesign of Buildings. To address these concerns and to accommodate the neighbors, Habitat has partially redesigned the buildings. The redesign will involve extra expenses.

Density in West of Western Area. In April 1996, the Court approved placing 100 units in the revitalizing area west of Western. The motion to approve those units in that location was a joint motion of the CHA and the Gautreaux plaintiffs. Counsel for the Horner plaintiffs, the City of Chicago, the alderman, and the Receiver all agreed -- as did representatives of the neighborhood residents.

Many residents of the area west of Western have expressed their concern that 100 units in the area on the two streets currently contemplated are too many, for several reasons. One reason is that the density of those units on the two streets has been increased because HUD has refused to allow certain sites on other blocks to be used. In addition, the community residents are concerned because the CHA does not have proper screening and transition assistance in place for the Horner tenants.

The CHA has recently stated its willingness to expand the boundaries of the west of Western revitalizing area, so the 100 units won't be as concentrated. We are willing to relocate some of the units if we receive the necessary consents, or to proceed with the 100 units in the original area.

Our current preference is to continue to work with the residents to try to gain consensus, but that may take extra time, which will cost money. It would also delay the availability of units, which is what the CHA and HRC have previously said they do not want. We want either the Court's permission, or general consensus, to take this approach. We still view the possibility of placing 100 units in the original area as viable, but that will not, in our opinion, work well unless the vacancy, screening, and training problems discussed above are effectively addressed.

^{10/} Contrary to Mr. Wilen's Memorandum, the West of Western community has been aware of the problems east of Western from the beginning; it did not become aware of them only when this Motion was filed. There has been regular communication between the residents who live west of Western with those who live east of Western.

HRC has been invited to perhaps seven to ten meetings on these issues between Habitat and the residents west of Western. It only attended the first meeting. Mr. Shuldiner of the CHA did not attend until last week.

Difficulty in Development. The problems discussed above in the west of Western area show the highly unusual and very "challenging" development environment. The Receiver is working with no single party with development control, multiple and conflicting interests, a complex community and resident consultation and approval process, with no day-to-day final decisionmaker, a large public housing bureaucracy, and litigious participants. The Receiver is not complaining; it is committed to see the program forward through to its successful completion. But these are the realities of the present situation.

GATES LETTER.

The concerns discussed above have been underscored by Mr. Gates, whose partnership was ready to turn over two units to us on May 23, but chose not to do so because of his and the community's concerns over the tenant selection, tenant assistance, and other issues we have discussed.

Mr. Gates Is Not Yet in Default. We view Mr. Gates' concerns about the Horner project as legitimate. Moreover, he is not yet technically in default, since he is not required to turn the units over, by our current calculation, until August 13 -- which is ahead of the schedule given to Judge Zagel, which provides for an October completion date.^{11/} (He is building an additional 22 units which currently are on schedule to be completed within the contract period.) But we felt obliged to give you immediate notice of his refusal to perform, and we wanted to call these other problems to your attention.

NEED FOR COURT ASSISTANCE.

We hope that, with the Court's assistance, the parties can work out solutions to these problems. Mr. Polikoff has written the Courts advancing his suggestions. We are prepared to work with Mr. Polikoff, Mr. Wilen, and the CHA -- despite the CHA's "shoot the messenger" approach to our motion and our disagreement with Mr. Wilen's presentation of the facts and his conclusions.

^{11/} The statements about this matter in the memorandum filed by Mr. Wilen on Friday, June 6, are simply incorrect.

TRANSFER AND OCCUPANCY HISTORY FOR HORNER
09-Jun-97

ADDRESS	UNIT DESIGNATION	# OF UNITS		CHA ACCEPTANCE DATE	INITIAL* OCCUPANY DATE	# OF DAYS UNTENANTED
		VLI	50/80			
2208 W. Jackson	UNIT B		1	12-Apr-96	05-Dec-96	237
2208 W. Jackson	UNIT A	1		12-Apr-96	25-May-96	43
2210 W. Jackson	UNIT B		1	25-Jul-96	25-Jul-96	0
2210 W. Jackson	UNIT A	1		25-Jul-96	09-Nov-96	107
116 N. Hoyne	UNIT B		1	07-Jan-97	08-Jan-97	1
121 N. Leavitt	UNIT B	1		07-Jan-97		153
123 N. Leavitt	UNIT A	1		07-Jan-97	25-Feb-97	49
123 N. Leavitt	UNIT B		1	07-Jan-97	08-Jan-97	1
114 N. Hoyne	UNIT B	1		07-Jan-97	07-Mar-97	59
116 N. Hoyne	UNIT A	1		07-Jan-97	19-Feb-97	43
122 N. Hoyne	UNIT A		1	07-Jan-97	23-Jan-97	16
118 N. Hoyne	UNIT A		1	07-Jan-97	09-Jan-97	2
118 N. Hoyne	UNIT B	1		07-Jan-97	10-Mar-97	62
120 N. Hoyne	UNIT A	1		07-Jan-97	19-Feb-97	43
120 N. Hoyne	UNIT B		1	07-Jan-97	10-Jan-97	3
119 N. Leavitt	UNIT B		1	07-Jan-97	08-Jan-97	1
122 N. Hoyne	UNIT B	1		07-Jan-97	11-Mar-97	63
121 N. Leavitt	UNIT A		1	07-Jan-97	08-Jan-97	1
119 N. Leavitt	UNIT A	1		07-Jan-97	24-Feb-97	48
117 N. Leavitt	UNIT B	1		07-Jan-97	07-Mar-97	59
117 N. Leavitt	UNIT A		1	07-Jan-97	01-Mar-97	53
115 N. Leavitt	UNIT B		1	07-Jan-97	07-Jan-97	0
115 N. Leavitt	UNIT A	1		07-Jan-97	27-Mar-97	79
2701 W. Washington	UNIT A	1		17-Jan-97	21-Jan-97	4
2255 W. Washington	UNIT B	1		26-Mar-97		75
2255 W. Washington	UNIT A	1		26-Mar-97	16-Apr-97	21
2259 W. Washington	UNIT A	1		24-Apr-97		46
2259 W. Washington	UNIT B		1	24-Apr-97	01-Jun-97	38
2224-26 W. Washington	UNIT A	1		24-Apr-97		46
2224-26 W. Washington	UNIT B		1	24-Apr-97		46
2116 W. Washington	UNIT A	1		16-May-97		24
2116 W. Washington	UNIT C		1	16-May-97		24
2116 W. Washington	UNIT B	1		16-May-97		24
2106 W. Washington	UNIT A		1	20-May-97		20
2106 W. Washington	UNIT C	1		20-May-97		20
2106 W. Washington	UNIT B		1	20-May-97		20
2112 W. Washington	UNIT A	1		20-May-97		20
2112 W. Washington	UNIT B		1	20-May-97		20
2112 W. Washington	UNIT C	1		20-May-97		20
2307 W. Washington	UNIT A	1		30-May-97		10
2311 W. Washington	UNIT B	1		30-May-97		10
2311 W. Washington	UNIT A		1	30-May-97		10
2307 W. Washington	UNIT B		1	30-May-97		10
TOTALS		24	19			1,639
TOTAL OCCUPIED		12	13		25	Avg. 36 days/unit
PERCENTAGE OCCUPIED		50%	68%			
114 N. Hoyne	UNIT A		1	07-Jan-97	01-Nov-96	-67

currently used as a management/leasing
office by the Private Manager

* Information provided by the Private Manager and is assumed to be correct.



THE HABITAT COMPANY

To: Dan Levin, Rick Woodworth, Valerie Jarrett, Phil Hickman
From: Jim Castner
Subject: Occupancy Issues
Date: June 6, 1997

On January 7, 1997 20 replacement units, located as 114-122 North Hoyne (10) and 115-123 North Leavitt (10) were accepted by CHA and deemed suitable for occupancy by CHA residents, both very low income and 50/80 families. None of the occupancy issues involved were raised on the December 31, 1996 CHA punchlist. After CHA's acceptance, issues regarding the safe occupancy of the buildings were raised by the Horner Residents Committee (HRC). Those issues were:

1. Second Floor Exterior Deck
 - A. railing heights
 - B. loading/structural design
2. Interior Spiral Stairs
 - A. Tread width/riser height
 - B. picket spacing

The exterior deck and the spiral stairs were designed/specified by Solomon, Cordwell Buenz (SCB), architects and engineers. The contractor was New England Builders (NEB). The drawings were approved by the City and upon completion of the work, the City approved it by issuance of a Certificate of Occupancy. Details of the issues follow:

1. SECOND FLOOR EXTERIOR DECK

A. Railing Height: The height of the railings on the second floor deck was questioned by Don Kimball of Crest Engineering, technical consultant to the HRC. Mr. Kimball believed that the code required minimum railing height was 42". With the Architect's Certification that the design was code compliant, and with the City's issuance of both Building Permits and Occupancy Certificates, The Habitat Company (THC) was comfortable that the railing height was in compliance with code. However, our review of the code with our architects showed possible interpretations which could allow for a 42" requirement.

Valerie Jarrett and Jim Castner met with Andy Rodriguez and John Tuhey of CHA regarding the final determination as to the code required height of the deck handrails. Both Andy and John agreed that if the City issued permits allowed a 36" high handrails, CHA would not require NEB to increase the height of the handrail. THC agreed. On **February 25, 1997**, THC received copies of building permits from the City. The drawings for these permits indicate 36" railing heights. Thus, the issue was resolved.

However, an effort to accommodate to the safest standard for young children, THC has agreed that on all future designs, the deck handrail heights will be 42", which exceeds the City required height by 6".

B. Deck Loading/Structural Design. Sometime after the transfer of the first 20 units on Hoyne and Leavitt, a question was raised regarding the structural capabilities of a 2" x 10" header which spanned almost 14' of the exterior deck. Questions of header size, post spacing, methods of attachment, code required loads, etc., were raised by Mr. Kimball.

THC reviewed the issues and requested that NEB, along with their design architects SCB, determine whether the deck was properly designed and built. Both CHA and NEB hired independent structural engineers to review the original designs. The two engineers, Eduardo Salsa for CHA and Jan Blok for NEB collaborated and agreed, after a visit to the site, (which also included Don Kimball (Crest), John Tuhey (CH), Jim Castner (THC), Kevin Kamradt (SCB) and others), that issues with the design and workmanship existed. At that meeting everyone agreed that in order to provide an even higher load factor than required by code, additional structural support would be provided for the exterior deck.

- **March 3, 1997** This effort was summarized by Mr. Blok and work began to provide the additional structural support.
- **March 12, 1997** NEB completed the work a follow-up inspection was conducted by the parties. Mr. Kimball requested a letter from Mr. Blok indicating that the repairs had been completed as agreed be provided.
- **March 12, 1997** Mr. Blok wrote the requested letter.
Issue resolved.

Between January 7 and March 13, 1997, of the 20 units with claimed "life safety" issues, 18 units were occupied by eight (8) very low income and nine (9) 50/80 families and one (1) by the management company.

2. INTERIOR SPIRAL STAIRS

A. Overview Background: On December 3, 1996 design, safety and liability concerns regarding the spiral stairs were mentioned by Don Kimball at a regular meeting with the HRC. Mr. Kimball's specific concern was the appropriateness of spiral stairs as a second means of egress, 9" to 9½" risers height and picket spacing greater than 6".

B. Riser Heights and Widths of Treads: Despite the certifications, Building Permits, Certificates of Occupancy and precedence provided by previous installations, Mr. Kimball continued to raise his concern about the riser heights. Mr. Kimball cited City of Chicago code sections where only 8" maximum risers in exit stairs were permitted. Additionally, Andy Rodriguez of CHA was concerned about the width of the treads and asked if they could be wider to make it more comfortable for larger adults using the stairs.

These issues were discussed and it was THC's position that the geometry of a spiral stair (diameter, tread width, riser height, headroom and landing configuration) limited the ability to both lower the riser height and widen the treads. Jim Castner and Paul Krieger reviewed generic specifications as well as specific manufacturers technical data and determined that headroom was compromised if certain riser height and tread width ratios were not met. In other words, an 8" riser and a wider tread could not be accomplished using industry standard geometry.

- **February 6, 1997** THC received a copy of a letter from the Chicago Building Commissioner, Cheryl Thomas to NEB, approving the use of the NFPA 101-5-2.2.2.7 stair geometry requirements.
- **February 18, 1997** Information about the stair geometry was distributed during the HRC meeting. **Issue resolved.**

C. Picket Spacing: The issue of picket spacing was also discussed at several HRC meetings. While picket spacing is not part of the NFPA 101 spiral stair requirements required by the City, the Architect's Certification, the City's Building Permits and Occupancy Certificates indicate that the design was in compliance. However, we asked the developer to investigate further.

- **January 29, 1997** Chris Rintz of NEB indicated to Jim Castner that he believed the spacing may not comply with the spacing requirement in every code applicable to this project. NEB was willing to revise the picket spacing in every instance at Horner and sought our direction. THC determined that a clear spacing of 4" would satisfy any and all of the recognized codes (whether applicable to these units or not). Because these exit stairs might be used by more small children than contemplated by code draftsmen, THC requested that 4" be the standard for the "revisions" as well as future designs. NEB commenced to complete the revisions at their cost. **Issue resolved.**

interoffice

MEMORANDUM

to: Dan Levin, Rick Woodworth, Valerie Jarrett, Phil Hickman
from: Jim Castner
subject: Vacant Transferred SSP Units Held for Horner Residents
date: June 9, 1997

Following is a summary of vacant scattered site units specifically held for Horner residents:

Hispanic Housing	51 units	29 units designated for general waiting list 22 units designated for 50% general/transfer tenants
Lutheran Social Services	5 units	
William Moorehead	0 units	
TWO	0 units	
Pinnacle	7 unit	
Housing Resource Center	5 unit	
TOTAL	68 UNITS	

This information is based on limited data received from the Private Managers and was available only if permitted by CHA.

Certain data available to the Private Managers was not given to THC at the explicit request of CHA. Therefore, the accuracy of the above numbers can only be verified by CHA or the Private Managers.

I N T E R

O F F I C E

MEMO

To: File
From: Valerie Golden
Subject: Occupancy data requirements for EIOP
Date: June 6, 1997

Habitat, in its role as Receiver, is responsible for promptly notifying HUD of the date for End of Initial Operating Deficit (EIOP). It is critical that EIOP is reported promptly because EIOP establishes the date that the program is eligible for operating subsidies. Prior to EIOP, the development budget funds the interim operating costs of management through Initial Operating Deficit (IOD). On the date of EIOP, the development budget no longer funds the interim costs. On that date, the CHA management budget funds all operating costs of the Program.

Occupancy information is necessary to determine when a development program reaches 95% occupancy. This is the single requirement for determining the date for EIOP and the end of payments from Family Public Housing Development Funds.

DEFINITIONS

EIOP - End of Initial Operating Period is the last day of the first calendar quarter (March, June, September, December) after DOFA. However, if 95% occupancy is not achieved, EIOP is automatically established as the last day of the second quarter after DOFA.

DOFA - Date of Full Availability is the last day of the month in which substantially all dwelling units in such Program become available for occupancy.

IOD - Initial Operating Deficit is paid from the development budget of each Program to manage the transferred properties until End of Initial Operating Period (EIOP) takes place.

CC: Valerie Jarrett
Philip Hickman
James Castner

Exhibit E

CHRONOLOGY OF MEETINGS
REGARDING TRAINING AND SCREENING, HOME OWNERSHIP, ETC.¹

1. January 22, 1996
Meeting with HRC, BPI, Central West, regarding training, screening, home ownership, and marketing.
2. February 29, 1996
Meeting with HRC, CHA, HUD, and Central West regarding same.
3. March 4, 1996
Meeting with HRC, HUD, CHA, and Central West regarding same.
4. May 3, 1996
Meeting with CHA, and Central West regarding same.
5. June 5, 1996
Meeting with HRC and Central West regarding same.
6. June 6, 1996
Meeting with HUD, CHA, Central West, Habitat and Mayor's office regarding screening, training, home ownership, marketing and redevelopment priorities
7. June 17, 1996
Letter from Edwin Eisendrath and Joe Shuldiner to Earnest Gates regarding same.
8. June 25, 1996
Meeting with CHA and Central West regarding same.
9. August 1, 1996
Meeting with CHA, HRC, and Central West regarding same.
10. August 15, 1996
Meeting with HRC, and Central West regarding same.
11. September 19, 1996
Meeting with BPI, Central West, and HRC regarding same.

¹Habitat attended several of these meetings. We were informed of the remainder by parties in attendance.

12. November 22, 1996

Meeting with HRC, Central West and CHA regarding screening, training, home ownership.

13. December 5, 1996

Meeting with CHA, Pinnacle, HRC, Central West, BPI, AMS, and Habitat regarding training, screening, home ownership and marketing.

14. December 11, 1996

Meeting with HUD, CHA, Central West, and HRC regarding same.

15. January 15, 1997

Meeting with CHA, and Central West regarding home ownership.

16. February 14, 1997

Meeting with HRC, Central West, and the Medical Center Commission regarding job training.

17. February 21, 1997

Meeting with CHA, HUD, Pinnacle, Habitat, Central West, BPI, and HRC regarding training, screening, home ownership, security.

18. February 27, 1997

Meeting with CHA, Pinnacle, Habitat, Central West, BPI and HRC regarding same.

19. March 12, 1997

Meeting with CHA, BPI, HRC Central West regarding same.

20. March 19, 1997

Meeting with CHA, BPI, HRC and Central West regarding same.

21. April 1, 1997

Meeting with BPI, Central West and HRC regarding same.

22. April 2, 1997

Walk through of the Orientation scheduled (cancelled when East Lake was asked to take the lead.)

23. April 7, 1997

Meeting with HUD, CHA, Central West, East Lake and BPI regarding training and

screening.

24. April 8, 1997

Meeting with CHA, Central West, and BPI regarding same.

25. April 10, 1997

Meeting with CHA, BPI, Central West and East Lake to view East Lake Orientation video.

26. April 29, 1997

Meeting with CHA, HUD and Central West regarding training and screening.

27. April 26, 1997

Original date set for Orientation (cancelled).

28. May 3, 1997

The first West Haven Orientation at Mabel Manning.

29. May 9, 1997

Meeting with Joe Shuldiner, Earnest Gates and Howard Pizur, regarding training.

30. May 27, 1997

Meeting with CHA, and Central West regarding Ready program.

31. June 7, 1997

Second West Haven Orientation scheduled (cancelled).



THE HABITAT COMPANY

MEMORANDUM

To: Douglas R. Woodworth
From: Al McCowan
Subject: Madden Park Homes
For Cause Cases
Date: June 3, 1997

CLIENT #	STATUS	REASON	COMPLAINT SIGNED BY
019595	Trial scheduled for 6/12/97	Drugs found in unit 7/9/96.	Rosemary Hayes 10/10/96
070011	Pre-trial scheduled for 6/24/97	Drugs found in unit.	Rosemary Hayes 10/21/96
49818	Trial scheduled for 6/24/97	Nephew caught with drugs on property.	Rosemary Hayes 4/4/97
019341	Trial scheduled 6/19/97	Relative caught with drugs on property.	Rosemary Hayes 4/4/97
019552	No decision made to status of case because of the date notice was served.	Nephew caught with drugs on property.	CHA Police 1/16/97
019546	Murder case son/possible dismissal will discuss with attorney	Foster child at Wells St. caught with drugs.	CHA Police 1/28/97
019271	Notice served	Drugs found in unit.	Rosemary Hayes 4/4/97
546144	Notice served	Drugs found in unit.	Rosemary Hayes 3/10/97
019413	Decision to be made regarding status because of date notice served.	Son found with drugs on the property.	Rosemary Hayes 8/28/96
019346	Trial scheduled for 6/19/97	Son found with drugs on the property.	Rosemary Hayes 1/27/97

Douglas R. Woodworth

June 3, 1997

Page 2

Rosemary Hayes was in regular contact with the CHA police and the police located the drugs in each of these cases during our management. We actually signed complaints for eight of these cases to be filed by the CHA legal staff.

Also, the CHA removed private security for the site in October 1996. A key source to filing cause cases is the information usually documented on security reports. On several occasions we have requested security reports from the CHA Private Security Division and police but have not yet received a report.

AM/aa

cc: Paula Lewis

G:\PROPMGMT\CURRENT\LRT&MEM\AM\CHA\MADDEN\CAUSECS2.MEM

HORNER NEW REPLACEMENT UNITS BEFORE TRANSFER (out of 131 units under construction)

KNOWN EXAMPLES OF VANDALISM / THEFT

PROGRAM	ADDRESS	APPROX. DATE OF OCCURRENCE	DESCRIPTION	OCCUPANCY STATUS
188A	2121 W. Washington	05/27/97	Three windows stolen	Under construction
		17-May-97	Two windows stolen	
		18-May-97	Two doors, two windows stolen	
		22-May-97	Three windows stolen	
		23-May-97	Two windows stolen	
188A	2224 W. Washington	19-Feb-97	Three windows vandalized	Under Construction
		20-Feb-97	Kitchen cabinets, entry door, rear door vandalized, air conditioning lines vandalized	
188A	2113 W. Warren	20-May-97	Three entry doors vandalized	Under Construction
188A	2255 W. Washington	12-Apr-97	Light fixtures stolen	Under Construction
		18-Jan-97	Copper water lines removed	
		15-Jan-97	Heater stolen, vandalized door and windows	
		20-Jan-97	Stolen air condition lines	
188A	2325 W. Washington	20-May-97	Stolen light fixtures, two doors vandalized	Under Construction
		06-Jun-97	Stolen air conditioning unit.	
188A	19 S. Hoyne	19-May-97	Stolen light fixtures, stolen light bulbs	Under Construction
		20-May-97	Stolen light fixtures	
		22-May-97	Vandalized two windows	
188A	25 S. Hoyne	20-May-97	Stolen light fixtures	Under Construction
		23-May-97	Vandalized two windows and entry door, temporary heater stolen	
188A	45 N. Oakley	20-May-97	Stolen light fixtures, entry door vandalized vandalized window, temporary heater stolen	Under Construction
188A	2259 W. Washington	20-May-97	Two stolen light-fixtures and millwork, stolen air conditioning lines	Under Construction
188A	2337 W. Washington	20-May-97	Copper water lines stolen, vandalized window	Under Construction
		03-Jun-97	Vandalized window	
188A	2335 W. Washington	28-May-97	Stolen downspouts, stolen generator, stolen saw	Under Construction
		03-Jun-97	Vandalized window	
		06-Jun-97	Stolen air conditioning unit.	

HORNER REPLACEMENT UNITS AFTER TRANSFER (out of 35 units transferred)

188SB.B1	121 N. Leavitt unit B	25-Mar-97	Stained carpet, broken light fixtures, graffiti with permanent marker	Occupied
188A	2255 W. Washington unit A	25-Apr-97	Clothes nailed to cupboard	Occupied
191R	2701 W. Washington	01-Apr-97	Broken windows	Occupied

MISCELLANEOUS LOCATIONS - SCATTERED SITES AFTER TRANSFER (out of over 1,450 units transferred)

KNOWN EXAMPLES OF VANDALISM / THEFT

PROGRAM	ADDRESS	TRANSFER DATE	APPROX. DATE OF OCCURRENCE	DESCRIPTION	OCCUPANCY STATUS
142	1909 N Francisco	04-Feb-94	2/94	Break-in, Stolen cabinets, appliances, etc. Cost to Repair \$30,547	Not occupied
138	1142 N Wolcott	04-Jun-96	6/96	Break-in, Stolen furnace, appliances, etc.	Not occupied
160	4842 S Bishop	14-Nov-96	12/96	Break-in, Stolen range and refrigerator	Not occupied
143	4751 S Honore	27-Nov-96	12/96	Sod stolen from lawn. Gas shut off, pipes froze and leaked causing water damage	Not occupied
160	4844 S Bishop	14-Nov-96	12/96	Gas shut off, pipes froze and leaked causing water damage	Not occupied Not occupied
147	8754 S Buffalo	19-Apr-96	4/96	Broken windows/Fire bombed	Not occupied
151	8400 S Buffalo	21-Dec-95	1/96	Broken windows, Stolen exterior light fixture	Occupied
159	3325 W 38th Place	21-Dec-95	1/96	All windows broken out	Occupied
150	4334 S Honore	01-Jun-95	7/95	Fire set on exterior of building. Siding damaged Cost to Repair \$1,700 Estimate	House Sitter
160	4457 S. Keating	23-Jul-96	9/96	Spray paint graffiti on brick	Not occupied

UNIVERSITY OF ILLINOIS
AT CHICAGO

Great Cities Institute (M/C 107)
College of Urban Planning and Public Affairs
322 South Green Street, Suite 108
Chicago, Illinois 60607-3502



June 5, 1997

Mr. Joseph Shuldiner
Chicago Housing Authority
626 West Jackson, Suite 703
Chicago, Illinois 60661

Dear Mr. Shuldiner,

I am the coordinator of a team from the University of Illinois at Chicago, Chicago Commons, Unity West, West Side Future, and the West Side Consortium. In February 1997 CHA awarded us a contract to provide Family Needs Assessment Services for the Henry Horner Redevelopment Program. The purpose of this letter is to indicate our continuing interest in beginning work on this contract. We also want to emphasize our ongoing willingness to revise the proposed project if necessary to better serve the needs of the Chicago Housing Authority (CHA) and the Horner Residents Council (HRC).

As you know, we originally responded to a Request for Proposals (RFP) by the Chicago Metropolitan Housing Development Authority (CMHDC) to do the Horner Needs Assessment in November of 1995. That RFP (see enclosure) called for work to begin on January 1, 1996. On February 20, 1996 we received a Letter of Intent from CMHDC indicating that we had won the competition for the contract. On March 15 we were told that the contract had been voided and that we should submit a proposal in a new competition for the contract. We submitted a new proposal on March 28, 1996 and were informed in writing on May 8, 1996 that we had won that competition. On July 15 we received notice that the March proposal should be changed so as to provide needs assessments for 233 rather than 466 families. After lengthy discussions with CMHDC and the HRC, we made these changes. Also, upon instruction from CHA, we changed all references to "CMHDC" in the proposal to "CHA." These changes were submitted to CHA in August. Contract negotiations between the University and CHA then took place. They resulted in a completed contract which was signed by CHA and the University's Board of Trustees in February 1997. At that time the understanding was that work on the contract should begin immediately.

UIC

Adams

June 5, 1997

page 2

Because, several weeks after the contract had been signed we still had not received a Notice to Proceed, we arranged a meeting with Wanda White and Dorothy Downer from CHA on March 6. At that meeting we were assured that we could start work within two weeks and that we should have a follow-up meeting with Ms. White the next week to work out some details. After being unable to reach Ms. White several times about the follow-up meeting, we arranged to meet with her, Richard Monocchio, and John Tuhey in the office of Wim Wievel (Dean of UIC's College of Urban Planning and Public Affairs) on May 15. At that meeting, which Ms. White did not attend, we were told that the needs assessment project would provide information of value to

CHA but that we should consider ways of coordinating it with the tenant orientation and relocation efforts that CHA was providing to Horner families and that were being coordinated by Ms. White's office. It was suggested that we set up a working meeting with Ms. White and her staff to discuss how the two efforts could best be coordinated. That meeting has not yet occurred and we continue to await notification of when we can begin work on the project.

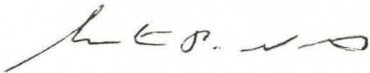
What we would like to be working on with CHA is how the needs assessment project agreed to in the February 1997 contract can be better designed to serve CHA's current needs. Although, as I have indicated, it was designed in response to the November 1995 RFP, as amended in March and August of 1996, we believe that the project might be improved by including training in house keeping and other skills required to live in new housing. Residents who have revealed problems during the needs assessment interviews might be provided with services to deal with those problems right away rather than waiting until the end of the project. This, incidentally, is a position that we advocated during preparation of the 1996 revision of the proposal but which CMHDC at that time rejected. Moreover, our project might be designed to provide information on residents before and after they get new housing orientations and occupy their new facilities so that the training program (or perhaps alternative training programs) can be evaluated and improved upon prior to being implemented in other public housing redevelopments.

Adams
June 5, 1997
page 3

We are prepared to fulfill the conditions of the February 1997 contract or, as we have shown willingness to do throughout the year-and-a-half of these negotiations, to cooperate with CHA and the HRC to improve our project.

Please call me at (312) 996-7194.

Sincerely,



Martin Adams
Coordinator
UIC Neighborhoods Initiative

Enclosures: Original RFP, letter to Wanda White (5/97)

cc: Mamie Bone c/o Tom Finerty
Horner Residents Council
Alex Polikoff
Business and Professional People for the Public Interest
Valerie Jarrett
The Habitat Company
Dr. Barry Rundquist
Department of Political Science
University of Illinois at Chicago
Dr. Wim Wiewel
Dean, College of Urban Planning and Public Affairs
University of Illinois at Chicago