

8/8/97

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DOROTHY GAUTREAUX, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	No. 66 C 1459
	)	Chief Judge Aspen
CHICAGO HOUSING AUTHORITY,	)	
	)	
Defendant.	)	

**REPLY MEMORANDUM IN SUPPORT OF
HUD'S MOTION TO TERMINATE DECREE**

Despite conceding that this case has come to an end, plaintiffs' counsel continues to seek yet more relief from this court. Pursuant to their two pending motions, plaintiffs have asked this court to order HUD to provide millions of dollars in additional funding as well as seeking to impose unwarranted locational restrictions on Section 8 recipients, impinging on the right of those families to choose where to live.

Plaintiffs agree that paragraph 8.2 of the HUD consent decree gives this court the discretion to terminate HUD's obligations based on the attainment of the 7,100 occupancy figure. They offer no reason why this discretion should not be exercised, which is scarcely surprising since HUD has already provided even more than the originally agreed upon remedy. Plaintiffs offer no reason, much less a compelling one, to extend the life of a 16-year old decree in a 31-year old case for any period after the terms of that order have been fulfilled.

As we pointed out in our opening brief filed on July 8, the HUD funding provided under the decree has allowed the receiver to

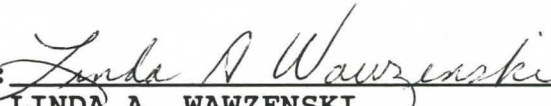
complete and transfer to CHA 104 scattered site units between October 1, 1996 and March 31, 1997 even after the 7,100 milestone had been reached. During the same period, the Leadership Council reported 201 tenant placements. According to the most recent quarterly report filed on July 24, 1997 (Ex. 1), an additional 38 units have been completed and transferred, with another 67 units to be constructed, even without any additional funding. The receiver has yet to complete 220 units in the funded Demonstration/Family Self-Sufficiency program. Moreover, in terms of replacement housing, the receiver has completed only 56 units, leaving 1,593 to be built, some of which are only in the design phase. Plaintiffs should not be granted further relief when existing HUD funding not only has already given them more than the original decree required, but will also continue to provide them with a stream of units and placements in the future.

For these reasons, plaintiffs' two pending motions should be denied as moot and HUD's motion to terminate the decree should be granted, dismissing HUD from this case.

Respectfully submitted,

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By:


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THE HABITAT COMPANY

MEMORANDUM

TO: Chief Judge Marvin E. Aspen

FROM: Daniel Levin and
The Habitat Company *Daniel Levin*

DATE: July 24, 1997

SUBJECT: CHA SCATTERED SITE HOUSING PROGRAM
Quarterly Report: Second Quarter 1997

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SCATTERED SITE PROGRAM - 1,602 UNITS

Background Original funding for the Gautreaux Scattered Site Program was estimated to produce 1,608 units. Due to the downzoning of property suitable for six (6) units, the total unit count has been reduced to 1,602. The funds for the six units will be transferred to Program 117 where other program savings are currently held by HUD. At the completion of the Scattered Site Program, when all costs are known, HUD has agreed to review cost savings and reformulate Program 117 funds for additional public housing developments. Presently the estimated savings exceeds the amount necessary to complete the six units.

Current Status: Effective June 30, 1997, the development pipeline is summarized below for the Scattered Site Program.

UNITS		STATUS
1,535		Completed and Transferred
67		Under Construction
1,602	Subtotal	Completed/Under Construction
0		To be Acquired
1,602		TOTAL



Design and Construction Activity: Two (2) programs were completed during the quarter and construction activity continues on a total of four (4) Turnkey programs. Completion status at the end of the quarter is as follows:

<u>Program #</u>	<u>% Completed</u>	<u>Program #</u>	<u>% Completed</u>
143	100%	158	90%
152	45%	161	2%
154	100%	175	60%

Management/Maintenance Buildings: Three management/maintenance buildings are being developed for use by CHA's private managers of scattered sites. Funding for these units is available from savings realized in three (3) areas on previously completed development programs. The developers for Program 154 and 161 are developing these buildings, using these funds. The building locations and status are as follows:

<u>Address</u>	<u>Private Manager</u>	<u>Prog. #</u>	<u>Construction Started</u>	<u>Est. Completion</u>
1400 N. Kedzie Ave.	Hispanic Housing Devel.	154	February 1997	September 1997
4421 N. Clifton Ave.	Housing Resource Center	161	April 1997	December 1997
2608 W. North Ave.	Lutheran Social Services	161	May 1997	January 1997

Summary of Completed and Transferred Units: Since the inception of the Receiver's program, completed and transfer units are shown below:

<u>Year</u>	<u># of Units Completed & Transferred</u>
1997- 2nd QTR.	38
1997 - 1st QTR.	44
1996	308
1995	203
1994	147
1993	340
1992	214
1991	107
1990	127
1989	7
Total:	1,535

Financial Activity: for each of the funded programs for the period ending June 30, 1997 is below:

PROGRAM	APPROVED BUDGET	COST (INCOME) TO DATE
115	\$ 8,885,442	\$ 8,885,442
116	7,448,320	7,448,320
117 (a)	(28,813)	(28,113)
118	8,978,987	8,978,987
119	2,485,483	2,485,483
120	6,956,047	6,956,047
121	2,265,118	2,265,118
122	4,825,930	4,175,746
123	7,827,851	7,060,170
124	8,286,784	8,135,811
125	2,039,484	2,039,484
126TK	2,062,780	2,062,780
127	2,386,667	2,386,667
128TK	2,992,281	2,975,637
129TK	2,271,403	2,271,403
130TK	2,894,112	2,795,875
131TK	2,556,421	2,556,421
132	2,530,000	2,505,315
133	2,075,167	2,075,167
134	2,055,883	2,055,051
135TK	2,661,470	2,558,685
136	2,336,466	2,336,466
137TK	2,719,177	2,491,926
138TK	2,614,379	2,474,815
139TK	2,446,921	2,444,151
140	2,502,820	2,255,085
141TK	2,700,924	2,541,327
142TK	2,411,349	2,233,857
143TK	3,303,012	2,530,954

PROGRAM	APPROVED BUDGET	COST (INCOME) TO DATE
147TK	2,676,540	2,606,406
149TK	2,709,352	2,638,993
150TK	2,522,813	2,328,992
151TK	2,747,255	2,672,548
152TK	2,410,726	625,363
153	2,549,740	2,535,898
154TK	3,988,830	3,400,513
155TK	2,627,030	2,466,685
156TK	2,679,344	2,608,638
157TK	2,723,598	2,654,029
158TK	3,149,769	1,561,843
159TK	2,634,087	2,587,964
160TK	2,909,461	2,704,658
161TK	4,143,819	448,779
175TK	3,369,490	2,466,860
176TK	3,688,870	3,370,420
TOTAL	\$153,022,589	\$139,632,666

- (a) The purpose of Program 117 is to hold miscellaneous properties until demolished, sold or used for new construction. The \$28,113 represents income to the Program, the proceeds resulting from the sale of buildings and vacant lots. Other surplus development funds of approximately \$16.7 million have been transferred to this Program and HUD has allowed this Program to fund subsequent Programs in their initial stages.

Conclusion: Active construction continues on 67 units in 4 programs. It is anticipated that most of the units will be complete by the end of 1997. For the quarter the total funds expended was to \$13,389,923. Since the Program's inception, \$139,632,666 has been spent.

DEMONSTRATION PROGRAM - 238 UNITS
FAMILY SELF-SUFFICIENCY PROGRAM - 16 UNITS

CMHDC/Habitat Joint Venture

Background: In 1990, the Chicago Housing Authority (CHA), was granted permission by the Court to begin development of 350 family public housing units known as the "Demonstration Program." In the third quarter of 1993, upon CHA's request and the Court's permission, The Habitat Company (THC) and The Chicago Metropolitan Housing Development Corporation (CMHDC), an instrumentality of CHA, entered into a joint venture agreement to complete the development of these units. THC is the managing partner in the Joint Venture. The Agreement included the 350-unit Demonstration Program plus a 25 unit program called "Family Self-Sufficiency Program" (FSS).

THC and CMHDC analyzed the estimated cost to complete 355 units and found that funds allocated for the units in 1990 were not sufficient to complete the units and that additional funds were needed. These additional funds were requested of HUD. HUD/Washington indicated that no additional funds were available and authorized the Joint Venture to construct the maximum number of units possible under the original funding. Based on the current acquisition status, the estimate for the total units which can be completed with the available funding is as follows:

<u>Program</u>	<u>Program Approved</u>	<u>Original Unit Count</u>	<u>Original Funding</u>	<u>Revised Unit Count</u>	<u>Revised Funding</u>
Demonstration	03/09/90*	350	\$35,466,000	238	No Change
FSS	09/30/92*	25	\$ 2,223,356	16	No Change
	Totals:	375	\$37,689,356	254	No Change

* A joint venture between the Receiver and CMHDC was executed in the third quarter of 1993. Prior to that time, no progress had been made by CHA to develop any units.

Current Status: Effective June 30, 1997, the development pipeline is summarized below for the Demonstration/Family Self-Sufficiency Program.

<u>NO. of UNITS</u>	<u>NO. of SITES</u>	<u>STATUS</u>
55	34	Completed & Transferred to CHA
57	25	Under Construction
69	36	Design Phase
14	6	Bid Phase
0	0	Closed (Preconstruction)
		SUBTOTAL (Closed Properties)
6	1	FSA Received - Closing Pending
28	8	Pending HUD Approval
0	0	Under Contract - Pending Submission to HUD
25		To Be Purchased
59		SUBTOTAL (Properties Not Closed)
254		TOTAL

Changes in the Habitat/HUD processing procedures to expedite approval and funding of properties are in place and continue to work. Identification and acquisition continues of property located on the north and south sides of the City. Newer buildings (post 1978 when the use of lead based paint was banned) remain the primary focus for acquisitions. Since many of these areas have seen little new construction since the 1970s and have little market activity, the acquisition continues at a steady pace, although slower than originally anticipated.

Financial Activity: for each of the funded programs for the period ending June 30, 1997 is below:

PROGRAM	APPROVED BUDGET	COST TO DATE
145	3,457,281	2,902,954
146	2,289,199	1,568,418
162	3,521,980	3,500,279
164	4,320,001	2,424,746
165	3,012,835	1,844,440
166	3,013,189	2,468,011
167	1,840,000	629,419
168	2,300,000	596,168
169	2,300,000	143,087
170	2,300,000	374,057
171	2,300,000	208,729
172	2,300,000	463,342
173	3,007,820	2,781,241
177 (Family Self-Suff)	4,198,153	38,382
TOTAL	\$40,150,458	\$19,943,273

REPLACEMENT HOUSING PROGRAM

CMHDC/Habitat Joint Venture

Background: In 1994, the Court assigned the development management of CHA's non-elderly new construction projects to the Receiver. Originally, the Replacement Housing Program consisted of 105 units for Washington Park and 107 units for Cabrini. To date, the Receiver's Replacement Housing Programs have expanded to 1,644 units located in six different geographic areas. Twelve programs have been funded totaling \$192,039,685. (See following charts which outline details by Program.) The funds have been awarded through various programs; public housing development funds, and the HOPE VI funds. Due to various Consent Decrees and the dedicated community involvement that exists in each development area, the Receiver has been committed to and is an active participant in informational and planning meetings. These meetings with Receiver's staff include, but are not limited to, various community organizations, public housing resident groups, CHA, HUD, City officials, design professionals, general contractors and the court appointed special master.

Current Status: Effective June 30, 1997, the development pipeline is summarized below for the Replacement Housing Programs

PROGRAM	NAME	# Of Units	STATUS
IL06-P002-178	<u>Lawndale - 18 units</u>	18	Under construction
IL06-P002-180	<u>Washington Park - 187 units</u> 67 units	67	Site selection in progress
IL06-P002-184	74 units	10	Pre-bid
IL06-P802-184A		33	Under Construction
IL06-P802-184B		31	Site selection in progress
IL06-P002-194	38 units	33	Under Construction
		5	Complete
IL06-P002-194A	8 units	8	Design Phase
TOTAL UNITS	187 units	187	
	<u>Horner- 466 units</u>		
IL06-P802-188A/188	30 units	12	Completed and Transferred to CHA
		18	Under Construction
IL06-P802-188B/195	45 units	14	Completed and Transferred to CHA
		31	Under Construction
IL06-P802-188C-N/196	38 units	38	Bid Phase
IL06-P802-188C-W/197	45 units	45	In Permit Review
IL06-P802-188SB-B1/198	56 units	20	Completed and Transferred to CHA
		36	Completed (Transfer to CHA pending the completion of infrastructure by City)
IL06-P802-188SB-B2/199	39 units	39	Bid Phase
IL06-P802-188SB-A1/200	30 units	30	Bid Phase
IL06-P802-191A/191	51 units	51	Bid Phase
IL06-P802-191B/201	42 units	42	In Design
IL06-P802-191SB-A2/202	43 units	43	Bid Phase
IL06-P802-191SB-B3/203	32 units	32	Bid Phase
IL06-P802-191R(Rehab)/204	15 units	5	Complete and Transferred
		10	Bid Phase
TOTAL UNITS	466 units	466	
	<u>Cabrini - 190 units</u>		Joint planning with City/CHA in process
IL06-P002-182	107 units	107	
IL06-P802-192	83 units	83	
IL06-P802-193	<u>Lake Front - 130 units</u>	130	Planning phase

PROGRAM	NAME	# Of Units	STATUS
N/A	<u>Cabrini-HOPE VI-303 units</u>	303	Joint planning with City/CHA in process
	TOTAL	1,294	

LAWNDALE REPLACEMENT HOUSING PROGRAM - 18 UNITS

Background: The new construction of 18 housing units in Lawndale with duplex townhomes on scattered sites is the first new replacement housing for obsolete CHA buildings. In consultation with members of the St. Agatha/West Side Resident Organization, The Chicago Housing Authority applied for and received approval from the U.S. Department of Housing and Urban Development (HUD) to demolish two of its vacant and dilapidated buildings located at 1403 S. Spaulding and 3659 W. Douglas. Demolition was completed in the summer of 1995.

Current Status Due to a default by the turnkey developer, the Receiver terminated the Turnkey Contract on November 21, 1996. With HUD's approval, Habitat negotiated a guaranteed maximum price (GMP) contract with a new general contractor and a conventional GMP contract was signed on March 10, 1997. Construction has begun again on this program. As you are aware, at the end of June Father Mike Ivers has raised issues regarding the delays, as well as the design and location of the units. The Receiver is in the process of negotiating a resolution.

WASHINGTON PARK REPLACEMENT HOUSING PROGRAM - 187 UNITS and LAKE FRONT PROPERTIES REPLACEMENT HOUSING PROGRAM - 130 UNITS

Background The Washington Park Replacement Housing Program is the combination of three programs. The Lake Front Replacement Housing Program is a single program. The funding of these Replacement Housing Programs has been targeted for the units required by the CHA agreement with the Lakefront Community Organization (LCO), which requires 221 to 241 units within North Kenwood-Oakland and 200 units outside that area for a total of 421 to 441 units.

Funding for these Programs is for only 317 of the 421 to 441 units required by the CHA/LCO Agreement. Funding for the remaining 104 to 124 units must be made available from other sources in order to comply with the CHA/LCO Agreement.

Current Status - Areas within Kenwood-Oakland: Habitat is continuing its acquisition efforts within the Kenwood-Oakland area and appeared before the North Kenwood-Oakland Conservation Community Council (CCC) on June 19, 1997, with the Special Master appointed by the Court in attendance. At this meeting, Habitat requested four (4) additional City parcels for eight (8) units for the development of infill housing parcels.

A turnkey contract for 33 new construction units was signed on March 31, 1997 with Lighthouse L.L.C. Construction. Nine (9) units are under construction. The first transfer is scheduled August 1, 1997. The Architect is currently completing construction documents for eight (8) units to be rehabilitated under a separate conventional contract with Lighthouse L.L.C.

The City Council has approved the transfer of seven (7) City-owned properties, previously requested from the City, suitable for 22 units of public housing. The actual exchange of the properties is expected in July 1997. The Receiver obtained responses to RFPs in May for Architectural and General Contracting

Services for these properties. Design work is expected to begin in July with the Architect selected from the responses.

The development of up to 241 units of replacement public housing in the Kenwood/Oakland Revitalizing Area is to be sequenced in two phases. First, the CHA/LCO agreement specifies that site control for the development of 141 units on infill sites and the former Washington Park Homes site on the west side of the 4100 block of South Drexel Blvd, must be obtained prior to the demolition of the four (4) vacant high-rises comprising the "Lakefront" site located along the east side of South Lake Park Avenue, between E. 40th Street on the north, and E. 42nd Place on the south. The Lakefront site is to contain the remaining 80-100 replacement public housing units in a mixed income venue, along with 200 plus market rate units.

Habitat has also been in contact with several active developers who are in the process of developing market rate housing which are to include a number of replacement public housing units. It is anticipated that "site control" for the remaining number of infill units to be developed will be obtained through the purchase of additional private and City properties and the location of replacement public housing units in private developments throughout the Kenwood-Oakland Revitalizing Area.

Effective June 30, 1997 the development pipeline is summarized below for the Lake Front Properties and Washington Park Replacement Programs:

UNITS WITHIN KENWOOD-OAKLAND REVITALIZING AREA		
NO. of UNITS	NO. of SITES	STATUS
0	0	Completed & Transferred to CHA
33	10	Under Construction
8	4	Design Phase
0	0	Out to Bid
8	4	Closed (Preconstruction)
49		SUBTOTAL 1 (Closed Properties)
22	7	Approved - Pending Funding
10	5	Under Contract - Not Approved*
0	0	Under Contract - Pending Submission
22		To Be Purchased
54		SUBTOTAL 2 (Properties Not Closed)
103		SUBTOTAL 3 (Closed Properties/Properties Not Closed)
38	RFP to be issued in Sept.	CHA-owned and City-owned Parcels on Drexel**
80-100	RFP to be issued in Spring 1998	CHA-owned Properties on Lakefront
221-241		GRAND TOTAL for Kenwood-Oakland

*City controlled exchange properties. City Council has approved sale. THC is in the process of documenting sale of properties.

** Have received C.C.C. approval for the acquisition of City-owned lots still need Council approval. HUD has approved acquisition.

Current Status - General Areas Outside of Kenwood-Oakland Construction began in February 1997 on 38 units of the 200 units outside the North Kenwood-Oakland area, on property purchased using Washington Park Replacement funds. This is a rehabilitation program with 16 sites located in the Community Area of West Ridge, one in Lakeview and one in Uptown. All sites are managed by Housing Resource Center (HRC). Habitat and HRC attended a community meeting on January 29, 1997 which was organized by the North Town Community Council and the Arthur Avenue Residents Community Organization. The community has concerns about all public and assisted housing in the area (Scattered Sites, Project based Section 8, other CHA housing, etc.) and that their community was becoming "supersaturated" with such housing. At the meeting, THC reviewed the Gautreaux case, the acquisition and planning process, and the construction plans. HRC reviewed tenant selection procedures and offered an "open door policy" to address any concerns in the future. Questions were taken from the floor. Ed Marciniak, Court-appointed special master, was in attendance.

Current Status - Limited Areas Outside of Kenwood-Oakland: The Woodlawn area continues to be reviewed for appropriateness for replacement housing required outside the North Kenwood-Oakland area. Habitat and Gautreaux counsel have been analyzing the area for a revitalization waiver. Community leaders and Aldermen have been contacted about replacement units in Woodlawn. Purchase contracts are being prepared for private vacant land parcels in Woodlawn at this time

UNITS OUTSIDE KENWOOD-OAKLAND REVITALIZING AREA		
NO. of UNITS	NO. of SITES	STATUS
5	4	Completed & Transferred to CHA
33	12	Under Construction
0	0	Design Phase
0	0	Out to Bid
0	0	Closed (Preconstruction)
38	16	SUBTOTAL (Closed Properties)
0	0	Approved - Pending Funding
0	0	Under Contract - Not Approved
0	0	Under Contract - Pending Submission
162		To Be Purchased
162		SUBTOTAL (Properties Not Closed)
200		TOTAL

CABRINI: HOPE VI URBAN REVITALIZATION DEMONSTRATION
and CABRINI REPLACEMENT HOUSING PROGRAM:

303 Units
190 Units

Background: On June 27, 1996, the City of Chicago announced its own Near North Redevelopment Plan (the "Plan") which incorporates the original HOPE VI development area. The Plan envisions a broad, mixed income community with new schools, new and expanded parks, larger community facilities, a library, street, alley and infrastructure improvements, a new public transit facility, and new commercial development.

In October 1996, the City of Chicago coordinated a team of local and national experts in community design, finance and development to formalize the Plan for creating a mixed income community. The firms selected were, Johnson, Johnson & Roy, Inc. and Goody, Clancy and Associates, who have developed a Plan with the input of representatives from the City of Chicago, the Board of Education, the Chicago Park District, The Chicago Transit Authority, The Habitat Company, HUD, CHA, Cabrini Residents and the Near North Community.

Current Status: Other than those efforts previously mentioned, the role of The Habitat Company with regard to Cabrini has not yet been determined, and we have therefore not been able to direct or anticipate its process. We have, however, been requested by the CHA to assist in the funding of 44 replacement units being developed in two market rate developments within the Plan area. Negotiations concerning this issue are underway at this point in time.

The following is a unit and funding breakdown concerning the Cabrini HOPE VI Urban Revitalization Demonstration Program which was funded to CHA and the Replacement units funded to the Habitat Company.

FUNDING SOURCE	AMOUNT	UNITS
HOPE VI Program	\$40,000,000*	303 (New Construction)
HOPE VI Program	---	167 - Section 8 Certificates
Replacement Housing Programs		
IL06-P002-182	\$ 9,856,000	107 (New Construction)
IL06-P802-192	\$ 9,137,750	83 (New Construction)
TOTALS	\$58,993,750	660

*This Program is funded directly to CHA.

HENRY HORNER REVITALIZATION PROGRAM - PHASE I - 466 UNITS

Background: The agreement for the redevelopment of the Henry Horner extension area between the CHA, HUD and the Horner Resident Council was approved by Judge James Zagel in August, 1995. Under the plan, The Habitat Company, in its capacity as Receiver for the Chicago Housing Authority Replacement Housing Program, is the Development Manager in a joint venture partnership with Chicago Metropolitan Housing Development Corporation. The Horner Revitalization Program boundaries are defined by Ashland on the east, Kedzie on the west, Lake Street on the north and Van Buren on the South.

Phase I of the six year, five-phase program initially involves the demolition of two high-rise and three mid-rise buildings (completed) and the replacement of 466 units to accommodate both displaced and relocated residents. Planned replacement housing units will be new town homes or two or three flat

buildings both on the present site and in the Horner Revitalization Area. The majority of units (373) will be located east of Western Avenue, with the remaining 93 units to be placed west of Western Avenue. All replacement housing will be low density and low rise with private entrances in keeping with the contextual style of the surrounding community.

Current Status: A total of 124 units are under construction. In addition, 22 units which have been completed and transferred to CHA for a total of 49 units completed and transferred to date. Also included are 36 units completed and transferred to the Receiver which are awaiting completion of roads and sewers by the City of Chicago. Transfer to CHA is scheduled in late Summer 1997.

The Program's land acquisition efforts are complete and all 466 replacement units are currently under construction (97), completed (49), transferred to Receiver awaiting infrastructure (36), or in design and/or permit application review (330). All programs now in design are expected to begin construction no later than September 1997. All programs are also bound by the new "Multi-Project Labor Agreement" entered into in August 1996, which will provide Henry Horner and other Public Housing residents opportunities for apprenticeships and employment in connection with local labor unions and the constructing of replacement public housing.

Earlier this year, the Horner Residents Committee (HRC) submitted a request that revised the original bedroom counts to accommodate a larger number of families needing larger bedroom units (typically four or five bedroom units). Habitat held several meetings with the HRC, CHA, Pinnacle, Gautreaux counsel and residents of the West Haven community. The objective was, to the extent possible, to accommodate the Horner residents' relocation choices. In early February, an agreement was reached regarding the distribution of the large bedroom units and the reissued plan met the choices of the Horner residents. This effort delayed the finalization of design of several programs. At this time, the effect of the delay in the completion of these programs is not known.

In early March, the Gautreaux counsel raised concerns about the concentration of large bedroom units in five (5) locations throughout the Revitalization Areas, shown on the previously agreed, revised plan. The Receiver was asked to review the distribution of the large bedroom units. As a result, additional changes were again made to the geographic distribution of these units which were found to be acceptable to Gautreaux counsel. This accommodation has resulted in additional delays for the completion of design work for the affected Programs. Final completion of each program may be further affected, however, the effect is not known at the time of this report.

Please note that the Horner Replacement Housing was being funded by two separate ACC's: Program IL06-P802-188 with 286 units and IL06-P802-191 with 180 units. In an effort to move forward quickly, we have been proceeding with Requests for Proposals and construction contracts by dividing these two large programs into smaller more expeditious packages. The intent was to distribute the workload to different developers/contractors which allows some packages to be completed sooner than others. We have configured these programs, making each package a new program. This reconfiguration allows the smaller programs to reach Date of Final Availability (DOFA) and End of Initial Operating Period (EIOP) sooner than the two larger program configurations. This will permit the units to go to management operating subsidy as soon as possible and minimize the payment of initial operating deficit. Following is a list of program numbers, selected developer/contractor, joint venture non-profit partner and architects, also identifying contract type, and anticipated design completion and construction start dates:

Program/ (Original #) New	# Units	Contract Type	Developer/ Contractor	Non-profit Partner	Architect	Design Completion Date*	Construction Start
(188A) 188	30	Turnkey	MCL	Near West	Smith & Smith	Complete	11/18/96
(188B) 195	45	Turnkey	Enterprise	Hull House	Bauhs Dring & Main	Complete	11/18/96
(188C-West) 197	45	Turnkey	Cyrus	Renaissance	Thomas & Thomas	Complete	4/7/97**
188C-North 196	38	Conventional	Thrush	Acorn	Landon Architects	7/4/97	7/7/97
188SB.B1 198	56	Turnkey	Horner New Horizons	Horner Assoc. Of Men	Solomon Cordwell & Buenz	Complete	7/3/96
Superblock "A" (188SB.A1/191SB.A2) 202/200	73	Conventional	Enterprise	Hull House	Johnson Lee/HBB	7/1/97	8/15/97
Superblock "B" (188SB.B2/191SB.B3) 199/ 203	71	Conventional	Horner New Horizons	Horner Assoc. Of Men	Solomon Cordwell & Buenz	6/20/97	8/1/97
(191A) 191	51	Conventional	Horner New Horizons	Near West	Bauhs Dring & Main	5/9/97	6/2/97**
(191B) 201	42	Conventional	Horner New Horizons	Near West	Landon Architects	5/9/97	6/2/97**

* Design date includes period from architectural design to construction contract.

** Units in these programs which are to be constructed in the Horner Revitalizing Area of Western Avenue and have been delayed as a result of community issues regarding location, density and context.

Upon the early completion (March 15, 1997) of demolition (supervised by CHA) of the two remaining mid-rise structures on CHA property, as ordered by Judge Zagel on December 18, 1996, immediate installation of underground utilities began.

Based on the design of all newly located streets and alleys, installations of all new electric, gas, sewer, water, telephone and cable television was required. Implementation of the installation of these utility systems is currently more than 50% complete, with finished roads being installed immediately behind underground work. Completion is expected in late fall.

West of Western Background: In the Fall of 1996, the Receiver began meeting with the "West of Western" community to review development plans for the area. Conversations occurred continuously and community meetings were held on February 5, March 5, April 28, June 2, June 7 and June 17, 1997. (Court-appointed special master, Ed Marciniak was in attendance at the March 5th, April 28th, June 2nd, June 7th and June 17th meetings.) The key issues are design and neighborhood context, inclusion of single family homes (in a multi-level style), dispersment and reduction of the number of units and resident participation in the management of these buildings. All land has been acquired, however, to accommodate the request to have greater dispersal of the units, THC is investigating purchasing additional parcels. In response to the design issues, THC has been working diligently with the three contracted architectural firms to include design changes that incorporate as many of the residents' requests as possible and also allow the programs to remain within budget and HUD design guidelines. THC assured the residents that construction will not begin until every effort is made to resolve these issues.

In addition to the larger community meetings, THC met with smaller groups and conducted conference calls with block club representatives to get their input regarding design and the location of buildings. A program containing 93 units, all located on West Warren and West Washington Boulevard, was first presented to the community in February. Subsequent meetings and community input resulted in THC reducing the number to 51 units provided that THC will be allowed to acquire property between Madison and the Eisenhower Expressway, and between Talman and Kedzie. The community was informed that this would require an expansion of the Revitalizing Area boundaries. If the Court does not expand the revitalizing area boundaries and HUD does not approve enough parcels to allow THC to construct the balance of 42 units, THC will have to build on the parcels remaining on Warren And Washington Boulevard. The designs of the buildings were further enhanced and design boards of each block face was given to the community for their use. THC has also agreed to meet again to finalize all design issues. THC also committed to assisting the community by arranging meetings with private developers who are interested in developing market-rate single family homes in their area.

THC is in the process of preparing a report to Judge Zagel summarizing our proposal for West of Western and the affect our proposal will have on the schedule.

On May 28, 1997, THC also attended a meeting arranged by the community which addressed the management issues with CHA and East Lake Management. THC has discussed these issues with BPI, the HRC and CHA.

The status of property in the development pipeline effective June 30, 1997 for the 466 units is summarized below:

HORNER REVITALIZING AREA	
NO. of UNITS	STATUS
51	Completed & Transferred to CHA
36	Completed will Transfer to CHA Pending Infrastructure
49	Under Construction
243	Bid Phase
45	Design Phase
42	Pending HRC and Judge Aspen Review/Approval
466	TOTAL

HENRY HORNER REVITALIZATION HOPE VI PROGRAM - PHASE II - 150 UNITS and ABLA REVITALIZATION HOPE VI PROGRAM - PHASE I - 200 UNITS

Background: In October 1997, CHA and the Receiver responded to the Notice of Funding Availability (NOFA) for Public Housing Demolition, Site Revitalization and Replacement Housing Grants (HOPE VI) for Fiscal Year 1996. The total amount funded is \$42,918,550 for a total of 350 replacement units, allocated as follows:

Horner: 150 Units	\$18,435,300
ABLA: 200 Units	\$24,483,250
TOTAL	\$42,918,550

The application provided for The Habitat Company to be the development manager. Funds will be provided by HUD directly to CHA. A Development Management Agreement was reached during the first quarter of 1997 between Habitat and CHA for the planning and development of these replacement units. A final written agreement was executed on April 21, 1997, which requires the Receiver and CHA to submit a Revitalization Plan containing detailed development plans within 90 days of receipt of the grant agreement letter, dated May 5, 1997, which confirms the awarding of funding. CHA received this letter on May 14, 1997.

Current Status: The planning process has begun for the formulation of a Revitalization Plan to be submitted to HUD. This plan is due in September 1997

FINANCIAL ACTIVITY - REPLACEMENT HOUSING PROGRAM - 1,644 UNITS

A status of the financial activity for each of the funded programs for the period ending is shown below:

PROGRAM	NO. of UNITS	APPROVED BUDGET	COST TO DATE
178 (Lawndale)	18	2,020,564	559,176
180 (Washington Park)	67	7,952,431	104,584
182 (Cabrini)	107	9,856,000	116,002
184 (Washington Park)	82	8,732,750	1,256,851
188 (Horner)	30	3,615,234	1,445,242
191 (Horner)	51	6,277,801	769,823
195 (Horner)	45	4,878,068	1,886,116
196 (Horner)	38	4,256,000	228,682
197 (Horner)	45	5,031,980	213,810
198 (Horner)	56	5,533,015	4,996,343
199 (Horner)	39	3,978,000	138,765
200 (Horner)	30	2,707,703	97,176
201 (Horner)	42	3,650,906	136,263
202 (Horner)	43	4,515,000	132,186
203 (Horner)	32	3,360,000	88,919
204 (Horner)	15	2,087,195	1,120,730
192 (Cabrini)	83	9,137,750	168,204
193 (Lake Front)	130	16,216,250	903,832
194 (Washington Park)	38	5,913,691	4,650,266
Cabrini HOPE VI	303	40,000,000	0

PROGRAM	NO. of UNITS	APPROVED BUDGET	COST TO DATE
Horner 1996 HOPE VI - Phase II	150	18,435,300	0
ABLA 1996 HOPE VI - Phase I	200	24,483,250	0
TOTALS	1,644	\$192,638,888	\$19,012,970

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AFFIDAVIT OF MAILING

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

RENEE A. WARD being first duly sworn on oath deposes and says that she is employed in the Office of the United States Attorney for the Northern District of Illinois; that on the 8th day of August, 1997, she placed a copy of **REPLY MEMORANDUM IN SUPPORT OF HUD'S MOTION TO TERMINATE DECREE** in a government franked envelope addressed to each of the following named individual(s) and caused each envelope to be deposited in the United States mail chute located in the Everett McKinley Dirksen Building, Chicago, Illinois on said date at the hour of 5:00 p.m.

To: See Attached Service List

Renée A. Ward
SUBSCRIBED AND SWORN TO before me
this 8th day of August 1997

Catherine A. Manahan
NOTARY PUBLIC
My Commission Expires



SERVICE LIST

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