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

DOROTHY GAUTREAUX, *et al.*	)	
	)	
Plaintiffs,	)	
	)	
v.	)	66 C 1459
	)	66 C 1460
CHICAGO HOUSING AUTHORITY and ANDREW CUOMO, Secretary of Urban Department of Housing and Urban Development,	)	(Consolidated)
	)	Hon. Marvin E. Aspen
	)	
Defendants.	)	

RECEIVER'S STATEMENT REGARDING THE CHICAGO HOUSING AUTHORITY'S EMERGENCY MOTION TO CLARIFY INJUNCTION

The Receiver files this Statement to advise the Court of certain facts concerning the CHA's Emergency Motion that may be relevant to resolving the motion.

Under this Court's Order appointing the Receiver of August 14, 1987 (the "Receivership Order"), the Receiver believes that it is responsible for the development and construction of any new CHA non-elderly public housing, including new housing developed with HOPE VI funds. As the CHA Memorandum in Support ("CHA's Brief") at 9 acknowledges, the Receiver repeatedly has informed the CHA of this view.

In the past, the CHA and HUD have agreed that the Receiver has development authority for grants under the HOPE VI program. Attached as Exhibit A is a November 14, 1995 letter from Edwin Eisendrath, the HUD Secretary's Representative in Chicago and Chairman of the

CHA, recognizing that the Receiver would function as development manager under HOPE VI:

> [A]s Receiver under the court order in the Gautreaux case, you will perform the function of CHA's development manager for the Cabrini Green development program, including the HOPE VI program . . . .

Attached as Exhibit B is a July 29, 1997 letter from HUD's Assistant General Counsel for the Midwest, stating:

> [I]t is the belief of this office that . . . the Receiver . . . has development authority. . . . We also believe that any funds under HOPE VI which go to replacement housing are currently a Receiver responsibility. We do not believe the CHA currently has any development authority for non-elderly units.

The CHA has also, from time to time, taken the position that the Receiver does not have (or should not have) authority to develop any housing under the HOPE VI program. Cognizant of this Court's admonition that the parties should attempt to work out differences without Court intervention where possible, the Receiver has attempted to work with the CHA to ensure that the Receiver maintained *de facto* control over housing development funded by HOPE VI funds without requiring judicial intervention.

We review below the relevant background to the CHA's motion. That background shows (1) the basis for the Receiver's belief that the Receivership Order grants the Receiver authority to develop all new CHA non-elderly public housing, including new housing developed using HOPE VI funds; (2) that the Receiver has consistently informed the CHA of the Receiver's belief that new housing developed using HOPE VI funds is within its responsibilities, and (3) that the Receiver has attempted to work with the CHA to find means to accommodate the CHA's concerns while fulfilling the Receiver's understanding of its responsibilities.

I. THE BASIS FOR THE RECEIVER'S BELIEF THAT NEW HOUSING BUILT UNDER THE HOPE VI PROGRAM FALLS WITHIN THE RECEIVERSHIP ORDER.

A. The Receivership Order.

Daniel Levin and The Habitat Company were appointed jointly as this Court's receiver "to develop and administer the scattered site program." Exhibit C ¶1.[1] The Receiver was granted "all powers of the CHA respecting the scattered site program necessary and incident to the development and administration of such program," specifically including "(i) submission to HUD of applications for funding, development programs and other documents, (ii) site selection and acquisition . . . and (iv) construction and rehabilitation of dwelling units and design and specifications therefor . . . ." Exhibit C ¶2. The "scattered site program" is broadly defined in paragraph (C) of the Receivership Order to include "all CHA non-elderly public housing development programs:"

> (C) For purposes of this Order the scattered site program shall mean (i) the buildings and vacant sites listed in Exhibit A attached hereto (collectively, the Uncompleted Units), and (ii) the CHA development Programs numbered IL 2-096, IL 2-098, IL 2-103 through IL 2-109, and IL 2-113 (excluding any completed buildings in such programs), <u>and all CHA non-elderly public housing development programs which may in the future be authorized by HUD during the pendency of Civil Action No. 66-1459.</u> [Emphasis added.]

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[1] The CHA's Brief at 10 n.7 seeks to separate the Receiver's authority under the Receivership Order from the issue of the scope of the July 1, 1969 Judgment Order (the "Injunction"). The Receiver does not address in this response the CHA's arguments regarding the intent and breadth of the Injunction. Such a response is for the plaintiffs. However, the Receiver notes that the Receivership Order is designed to implement the Injunction, and therefore is evidence of this Court's and the parties' understanding of the intent and breadth of the Injunction.

B. HUD's Counsel Has Interpreted the Receivership Order To Include Housing Developed Using HOPE VI Funds

As mentioned above, the Receiver's understanding of the Receivership Order is supported by that of HUD's counsel. In response to a request from Richard Kruschke and Louis Berra, respectively the Public Housing Director for HUD's Illinois State Office and the Director of Distressed and Troubled Housing Recovery, Lewis Nixon, HUD's Assistant General Counsel for the Midwest, issued a legal opinion dated July 29, 1997, attached hereto as Exhibit B (the "HUD Opinion"), addressing:

> whether the Chicago Housing Authority or the court appointed Receiver has the general responsibility for development of non-elderly public housing serving as replacement units at Cabrini-Green.

The HUD Opinion discusses the Receivership Order and the December 10, 1993 Order pursuant to which this Court gave development authority for certain programs to a joint venture comprised of the Receiver and the Chicago Metropolitan Housing Development Corporation ("CMHDC"), the overall management and control of which is vested in Habitat.[2/] It concludes:

> Based on the referenced materials, it is the belief of this office that either the Receiver, for general purposes, or the Joint Venture, under the nunc pro tunc order for specific projects, has development authority. . . . We also believe that

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[2/] As the HUD Opinion notes, "the reason behind the Joint Venture was for CMHDC to develop expertise under the wing of the Receiver, so it could become the development arm of the CHA." This goal was to be achieved, in substantial part, by the assignment by the CHA of an individual who would work with the Receiver on a daily basis. After the creation of the Joint Venture, CMHDC appointed an individual to work, part time, with Habitat. However, the time spent by this individual at Habitat progressively diminished, and ceased totally less than six months after the creation of the Joint Venture. No individual has been appointed by CMHDC to fill this position since that date, and CMHDC has played only a minimal role in each of the projects handled by the Joint Venture. The Receiver has continued to make payments to CMHDC in accordance with the provisions of the Joint Venture agreement.

any funds under HOPE VI which go to replacement housing are currently a Receiver responsibility. We do not believe the CHA currently has any development authority for non-elderly units. [Emphasis added]

HUD's September 18, 1997 letter to the CHA conditionally approving the Revitalization Plan and Budget for the Cabrini-Green HOPE VI program (the "Cabrini Approval Letter") is consistent with the Opinion. In the Cabrini Approval Letter, HUD required the CHA to provide within 30 days evidence that the plaintiffs and the Court in this action "have approved or have no objection to the development/acquisition of replacement public housing in the quantities and locations proposed in the HOPE VI Revitalization Plan." Exhibit D at 4.

C. HUD Treats HOPE VI Replacement Housing Programs as Public Housing Development Programs.

The opinion of HUD's counsel that HOPE VI replacement housing programs fall within the Receiver's purview under the Receivership Order follows from the nature of the HOPE VI program.

The HOPE VI program provides funding for several purposes, among them the development of replacement housing.[3] To the extent the CHA applies for HOPE VI funds for the

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[3] The HOPE VI program is not authorized by a specific implementing statute, nor has HUD issued any regulations in connection with the program. The program is a creation of the annual HUD appropriation statutes for fiscal year 1993 and each fiscal year thereafter. The HUD appropriation statute for fiscal year 1997 appropriates funds for the HOPE VI program under the subheading of "Revitalization of Severely Distressed Public Housing." The statute states that HOPE VI funds are to be used for:

> grants to public housing agencies for assisting in the demolition of obsolete public housing projects or portions thereof, the revitalization (where appropriate) of sites

(continued...)

construction of replacement housing, it has, in effect, created a CHA public housing development program that, in turn, is authorized by HUD if HUD approves the funding application. Such a program, the Receiver believes, falls within the Receivership Order's definition of the Receiver's responsibilities as including all "CHA non-elderly public housing development programs . . . authorized by HUD during the pendency of Civil Action No. 66-1459."[4/]

HUD's HOPE VI guidebook (the "Guidebook") recognizes that HOPE VI funds used for replacement public housing function as a public housing development program. Because HUD has not promulgated regulations specifically for the HOPE VI program, and because the HOPE VI program permits the use of funds for a variety of purposes, the Guidebook requires application of the regulations for the HUD program that corresponds to the intended use of the

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[3/](...continued)

> (including remaining public housing units) on which such projects are located, replacement housing which will avoid or lessen concentrations of very-low income families, and tenant-based assistance in accordance with section 8 of the United States Housing Act of 1937; and for providing replacement housing and assisting tenants to be displaced by the demolition . . .

Public Law 104-204. As the statute indicates, HOPE VI funds are intended to be used, in part, for development of replacement housing; however, HOPE VI funds can also be used for other purposes that do not involve the development of housing.

[4/] As the CHA acknowledges (CHA Brief at 18), the principal goal of the HOPE VI program -- to foster the integration of public housing into the economic and social mainstream of American society -- is consistent with the goal of the scattered site program. Moreover, the nature of the housing to be built with HOPE VI funds -- low density housing in mixed income neighborhoods -- is much closer in concept to the housing developed by the Receiver than the conventional mid- and high-rise housing it is replacing.

HOPE VI funds. See Guidebook at 1.D.1 and 1.D.2, attached hereto as Exhibit E. With regard to the regulations applicable to replacement housing, the Guidebook states, in part:

> **Public housing development** (including on-site reconstruction as well as construction of off-site housing) funded by HOPE VI must be conducted in accordance with 24 CFR part 941. (Streamlined 941 subparts A-F were published in the Federal Register on July 22, 1996.)

Part 941 is entitled "Public Housing Development," and sets forth the regulations applied to housing development by public housing authorities.

II. THE RECEIVER HAS ATTEMPTED TO WORK WITH THE CHA IN CONNECTION WITH HOPE VI PROJECTS.

The CHA's present position is that the Receiver does not have any role under the Receivership Order in procuring or using HOPE VI housing development funds. This position has evolved during the several years that the HOPE VI program has been in existence.

A. Cabrini Extension.

In 1993, the CHA, without informing the Receiver, applied for HOPE VI funds for the redevelopment of the Cabrini Extension. The CHA was awarded $50 million, $40 million of which was earmarked for the development of 303 replacement housing units. Upon learning of the award, the Receiver informally told the CHA that it was the Receiver's understanding that the development of the replacement units is within the Receiver's responsibility pursuant to the Receivership Order.

After the takeover of the CHA by HUD on May 1, 1995, to avoid conflict over the Receiver's and the CHA's respective roles, the parties agreed that the CHA would designate

Habitat as the "development manager" for the construction of the replacement units.[5] That role gave the Receiver development authority over housing built with HOPE VI funds.

By letter dated November 14, 1995 (Exhibit B), Mr. Eisendrath confirmed this arrangement and linked the function of "development manager" to the Receiver's role under the Receivership Order:

> This will confirm our understanding and agreement that as Receiver under the court order in the Gautreaux case, you will perform the function of CHA's "development manager" for the Cabrini Green development program, including the Hope VI program, similar to the manner in which you are functioning in the Henry Horner Homes development program. [Emphasis added]

The parties proceeded to exchange several drafts of a Development Management Agreement.

Consistent with the parties' understanding that Habitat would develop the replacement units, The Habitat Company issued a Request for Proposals for the project in August, 1995. However, after the parties had each proceeded for more than a year under the understanding that the Receiver would act as development manager -- with the Receiver in fact performing all of the functions of a development manager -- the CHA refused to sign the Development Management Agreement and instructed the Receiver to stop work. The CHA then began meeting with the City and neighborhood residents concerning site selection and other development issues that, the Receiver believes, fall within the Receiver's area of responsibility under the Receivership Order.

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[5] As Mr. Levin told the Court at the July 2, 1997 Conference, the Receiver did not care what name was used, as long as it was able to perform the work that the Receiver understood to fall within its area of responsibility.

Due to the CHA's inability to comply with HUD's procedural requirements for HOPE VI funding, the CHA again turned to the Receiver. In mid-1997 CHA requested the use of funds allocated by HUD to the Receiver for 190 replacement units at Cabrini. The CHA requested that a portion of these Receiver funds be used to fund long-term, 40-year leases of privately-developed housing units in the Cabrini-Green area. The Receiver agreed to work with the CHA to prevent the loss of these units, despite the fact the CHA did not involve the Receiver in the lease negotiations. The Receiver has prepared and submitted to HUD a development proposal to obtain final HUD approval.

B. ABLA I and Horner II.

In 1996, the CHA applied for and received HOPE VI funds for the ABLA ("ABLA I") and Horner ("Horner II") projects. The Receiver again informed CHA of its belief that any non-elderly housing developed using such funds fell within the Receiver's responsibility; the CHA disagreed. Nevertheless, the Receiver assisted the consultant retained by the CHA to prepare the HOPE VI application, preparing the financial and budget section of the application and editing other sections drafted by the consultant.[6/] The parties, following the model intended for Cabrini, entered into a Development Management Agreement dated April 21, 1997, a copy of which is attached hereto as Exhibit F (the "Agreement"). The Agreement, which specifically states that it does not affect or alter in any way the responsibility of the Receiver under the Receivership Order, grants Habitat responsibility for "all aspects of the implementation phase"

6/ Thus, CHA's contention (CHA Brief at 17) that "the Receiver has not been involved in making [HOPE VI] applications" is inaccurate.

of the development of the 200 replacement units for ABLA and for 150 replacement units for Horner, subject to prior approval of certain major decisions by the CHA. The Agreement also contemplated that the Receiver, "after seeking approval from counsel for the Gautreaux plaintiffs, shall prepare a request to the U. S. District Court for permission to build replacement public housing in the ABLA area by declaring it a 'Revitalizing Area.'" Agreement at ¶1.A.

C. ABLA II.

The Receiver understands that the CHA applied in July 1997 for HOPE VI funding relating to additional work at ABLA and Horner. On a number of occasions, the CHA refused to allow the Receiver to participate in this application. Recent press reports indicate that this application has been rejected by HUD.

III. A DEMONSTRATION PROGRAM MAY PROVIDE ANOTHER OPPORTUNITY FOR THE CHA TO DEMONSTRATE ITS DEVELOPMENT CAPACITY

As this Court noted in its Order of August 26, 1997, the Court appointed the Receiver "[b]ecause CHA proved inept at building public housing on scattered sites," and "it was not until [the appointment of the Receiver in 1987] that construction [of scattered site housing] began in earnest." 1997 U.S. Dist. LEXIS 12924 at *4. As of November 26, 1997, the Receiver had completed and turned over to the CHA, or had placed under construction, 2,137 housing units. The CHA now desires to develop housing that, the Receiver believes, is encompassed within the Receivership Order.

Should this Court confirm the Receiver's understanding of the Receivership Order and should the Court deem it appropriate, the CHA could be given another opportunity to demonstrate its capacity to develop housing encompassed by the Receivership Order, whether funded by HOPE VI or otherwise, through another demonstration program.[7] In the event the CHA can successfully develop a demonstration project, additional projects could be allocated to the CHA. If the CHA establishes a track record of successful development, it may in time demonstrate that there no longer remains a need for the receivership. On the other hand, if the CHA's management of another demonstration project is not satisfactory, the Court could reevaluate what the role of the CHA should be in future developments.

7/ The Receiver does not suggest which development project may be most appropriate as a demonstration program. This decision, should it be made, should be made by the Court, the plaintiffs and the CHA.

CONCLUSION

It is the Receiver's understanding that the Receivership Order encompasses all non-elderly housing developed by the CHA, including any such housing developed using HOPE VI funds. The Receiver has attempted to work with the CHA to avoid any necessity for Court intervention. The CHA has now placed this issue before the Court. Accordingly, the Receiver respectfully requests the Court to resolve this dispute over the Receiver's authority.

Respectfully submitted,

DANIEL LEVIN and THE
HABITAT COMPANY, Receiver,

By: Daniel Levin
Daniel Levin

By: ______________________
One of their attorneys

Date: December 19, 1997

Michael L. Shakman
Barry A. Miller
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Mr. Daniel Levin
Chairman
The Habitat Company
350 West Hubbard Street
Chicago, IL 60610

RE: Cabrini Green Development Program

Dear Mr. Levin:

This will confirm our understanding and agreement that as Receiver under the court order in the Gautreaux case, you will perform the function of CHA's "development manager" for the Cabrini Green development program, including the Hope VI program, similar to the manner in which you are functioning in the Henry Horner Homes development program.

Sincerely,

Edwin Eisendrath

Edwin Eisendrath
Secretary's Representative

Copy to: Joe Shuldiner

B

U.S. Department of Housing & Urban Development
Office of the Assistant General Counsel - Midwest
77 West Jackson Boulevard, Room 2633
Chicago, IL 60604-3507

July 29, 1997

MEMORANDUM FOR: Richard Kruschke, Public Housing Director, Office of Public Housing, Illinois State Office, 5APH

ATTENTION: Louis Berra, Director, Distressed and Troubled Housing Recovery, 5APH

FROM: Katherine Abraham for Lewis M. Nixon, Assistant General Counsel for the Midwest, 5AC

SUBJECT: Development Authority Under Gautreaux

At the oral request of Richard Kruschke and Louis Berra on July 28, 1997, we are responding to the question of whether the Chicago Housing Authority or the court appointed Receiver has the general responsibility for development of non-elderly public housing serving as replacement units at Cabrini-Green.

The August 14, 1987 Gautreaux order appointed Daniel E. Levin and the Habitat Company jointly as receiver to develop the scattered site program. The 'scattered site program' was defined to include all CHA non-elderly public housing development programs which might in the future be authorized by HUD. The December 3, 1993 order, the nunc pro tunc order as we typically refer to it, specifically gave development authority for 377 additional scattered site units to serve as replacement housing for Washington Park and Cabrini Green to the Joint Venture comprised of the Receiver and the Chicago Metropolitan Housing Development Corporation ("CMHDC"). In the same order, the Joint Venture was given authority for the eighteen unit Lawndale replacement units, the 350 unit demonstration program and the 25 Family Self Sufficiency Program.

In the August 15, 1993 Joint Venture Agreement, CMHDC is described as an affiliate of the CHA. Provision 5.1 of the Agreement states that overall management and control of the business of the Joint Venture shall be vested in Habitat provided that Habitat would consult with CMHDC on Major Decisions.

Based on the referenced materials, it is the belief of this office that either the Receiver, for general purposes, or the Joint Venture, under the nunc pro tunc order for specific projects, has development authority. In regard to the 377 replacement units for Cabrini and Washington Park approved for funding by HUD in September 1993 and 1994, the Joint Venture has clearly been authorized by Judge Aspen. We also believe that any funds under HOPE VI which go to replacement housing are currently a Receiver responsibility. We do not believe the CHA currently has any development authority for non-elderly units.

We have reviewed David Sowell's letter of July 14, 1997 to Rich Monocchio concerning a draft proposal for 44 units of replacement units for Cabrini Green and note that Mr. Sowell says CMHDC would have to separate from CHA and have its own identity. If that is true, then the Joint Venture Agreement and the draft proposal are inconsistent because as stated above, under the Joint Venture Agreement CMHDC is described as an affiliate of CHA. It is our understanding the reason behind the Joint Venture was for CMHDC to develop expertise under the wing of the Receiver, so it could become the development arm of the CHA.

Depending on the nature of Judge Aspen's expected August 15, 1997 ruling it may be time for the parties to consider dissolving the Joint Venture and for filing a motion before Judge Aspen based on such a discussion. It may also be appropriate to ask the court for clarification concerning development authority under HOPE VI.

If you have further questions please send a memorandum to the attention of Jan Elson.

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

DOROTHY GAUTREAUX, et al., Plaintiffs, vs. SAMUEL R. PIERCE, JR., Secretary of the Department of Housing and Urban Development, and CHICAGO HOUSING AUTHORITY, et al., Defendants.	)	Civil Action No. 66C1459 66C1460 (Consolidated)

ORDER

This matter coming on to be heard pursuant to plaintiffs' motion dated May 8, 1987 for the appointment of a receiver for the scattered site program (defined below), due notice having been given and the Court having heard the presentations of the parties, the Court makes the following findings of fact and conclusions of law:

(A) The Chicago Housing Authority (the "CHA") has joined in plaintiffs' motion for the appointment of a receiver for the reasons which CHA has heretofore stated in this cause.

(B) This Court has concluded that it has no reasonable alternative but to exercise its inherent power to effectuate its own orders and to so appoint said receiver for the scattered site program in accordance with the provisions of this order. It is the expectation of this Court that the appointment of a receiver will facilitate cooperation between the United States

Department of Housing and Urban Development ("HUD"), CHA and the receiver respecting the scattered site program.

(C) For purposes of this Order the "scattered site program" shall mean (i) the buildings and vacant sites listed in Exhibit A attached hereto (collectively, the "Uncompleted Units") and (ii) CHA Development Programs numbered Il 2-096, Il 2-098, Il 2-103 through Il 2-109, and Il 2-113 (excluding any completed buildings in such programs) and all CHA non-elderly public housing development programs which may in the future be authorized by HUD during the pendency of Civil Action No. 66 C 1459.

WHEREFORE, IT IS HEREBY ORDERED:

1. The Court hereby appoints Daniel E. Levin and The Habitat Company jointly as receiver ("Receiver") to develop and administer the scattered site program as effectively and expeditiously as possible in compliance with the orders of this Court, such appointment to be effective as of the Effective Date (defined below). Until the Effective Date, CHA shall continue to be responsible for implementing the scattered site program in compliance with the prior orders of this Court. On the Effective Date CHA shall turn over to the Receiver possession and control of the Uncompleted Units, it being understood, however, that title to the Uncompleted Units shall remain in the name of CHA.

2. The Receiver shall have and exercise all powers of CHA respecting the scattered site program necessary and incident to the development and administration of such program, including:

(a) Making all determinations governing the scattered site program in compliance with prior and future orders of this Court, including without limitation (i) submission to HUD of applications for funding, development programs and other documents, (ii) site selection and acquisition (including policies respecting the location of sites and buildings to be acquired), (iii) the relocation of occupants, when necessary and (iv) construction and rehabilitation of dwelling units and the design and specifications therefor in compliance with applicable laws and ordinances; and

(b) Carrying out the determinations so made, including without limitation (i) negotiating and executing any contracts or other documents necessary or appropriate to implement the scattered site program, (ii) employing, transferring and discharging staff for the scattered site program, (iii) purchasing insurance insuring the Receiver, and the interest of CHA if feasible and available at no additional cost, against liability for such risks and in such amounts as the Receiver and HUD shall from time to time agree upon, (iv) managing and administering buildings included within the scattered site program prior to the turnover thereof to the CHA in accordance with Paragraph 5 below, and (v) doing such other acts and things, including site selection and acquisition in the name of CHA, construction and rehabilitation of dwelling units and retaining the services of such personnel, consultants, attorneys, accountants and other professionals, as are determined by the Receiver to be necessary and appropriate to implement the scattered site program and to enable the Receiver to discharge its duties pursuant to the provisions hereof.

3. The Receiver shall have the right at any time, upon due notice to the parties hereto, to make application to the Court requesting that the Receiver be excused from complying with some or all of the provisions set forth in the Annual Contributions Contracts heretofore entered into between HUD and CHA (collectively, the "ACC"), the HUD Procurement Handbook for Public Housing Agencies No. 7460.8, the HUD Public Housing Development Handbook No. 7417.1, or other applicable rules and regulations, or applicable laws or ordinances, or that as to the Receiver, the requirements of such agreements, provisions, laws, ordinances, rules and regulations be modified, if the Receiver determines that compliance therewith would be costly, inefficient or otherwise impede or restrict its ability to carry out this Court's orders. Nothing contained herein shall be deemed to constitute a determination by the Court, or the consent or an acknowledgement by HUD or CHA, that the Court has the jurisdiction or authority to grant any of the foregoing relief.

4. The Receiver shall have no obligation to make any expenditure except from funds provided by HUD in accordance with procedures to be agreed upon between HUD and the Receiver. The Receiver shall keep separate accounts for costs incurred in connection with the scattered site program from and after the Effective Date. The Receiver shall not be responsible for (i) payment of any costs or performance of any obligations incurred

by CHA prior to the Effective Date, except obligations incurred pursuant to the ACC unless the Receiver is excused from complying with the terms thereof pursuant to Paragraph 3 above, or (ii) payment of any costs or performance of any obligations incurred by CHA thereafter, except as may be specifically authorized by the Receiver in writing. Notwithstanding the foregoing, the Receiver shall not be responsible for (iii) compliance with the provisions of any ACC with respect to buildings and sites previously acquired or completed by CHA except those described in Exhibit A, or (iv) any act or omission of CHA either before or after the Effective Date.

5. The Receiver shall promptly turn over to CHA, and CHA shall accept, any building within the scattered site program upon completion of construction or rehabilitation of each such building. For purposes hereof, subject to the reasonable approval of HUD, construction or rehabilitation of a building shall be deemed to be completed when the Receiver's project architect determines that such building is ready for occupancy, and, if required by applicable law or ordinance, a certificate of occupancy has been issued for such building.

6. The Receiver shall prepare reports respecting the status and implementation of the scattered site program as of the end of each month in the year 1987, commencing with the month of September, 1987, and thereafter quarterly as of March 31, June 30, September 30 and December 31 of each year. Copies of the same shall be filed with the Court and served on

the parties within 20 days following the end of the period covered by each such report.

7. CHA, its agents, servants and employees shall provide full cooperation and assistance to, and shall not interfere with, the Receiver in the performance of the Receiver's responsibilities hereunder, including without limitation providing full access to all information, records, documents, files relating to the scattered site program.

8. There shall be paid to the Receiver from funds provided by HUD pursuant to the ACC or Annual Contributions Contracts entered into between the Receiver and HUD, or by CHA if appropriate, (i) all direct costs and expenses reasonably incurred by the Receiver in connection with the performance by the Receiver of its duties pursuant hereto, (ii) to the extent not included in clause (i), a pro-rata share of all salary, compensation and other direct costs of those employees of The Habitat Company (other than Daniel E. Levin, James P. McHugh and Douglas R. Woodworth), James McHugh Construction Co. (other than James P. McHugh) or other entities which are affiliates of or controlled either directly or indirectly by the Receiver, who at the direction of the Receiver perform services on behalf of the scattered site program, for the actual time devoted by said employees to the performance of services for the scattered site program, and (iii) a fee in the amount of three percent (3%) of the aggregate development costs (excluding the costs described in clause (ii) above and any costs previously incurred by CHA)

for each building in the scattered site program (except buildings developed pursuant to a turnkey development) as reflected on the original development budget(s) therefor submitted by the Receiver and approved by HUD, the fee for such building being payable upon the completion thereof as determined in accordance with Paragraph 5 hereof. The Court will set a reasonable fee with respect to turnkey developments. The Court hereby determines that included in the category of expenditures for which the Receiver shall be entitled to reimbursement are all costs, expenses and liabilities (including reasonable attorneys' fees and court costs) reasonably incurred or sustained by the Receiver by reason of the performance by the Receiver of its duties pursuant to the provisions hereof to the extent said costs, expenses and liabilities are not covered by the insurance described in Paragraph 2(b)(iii) above.

9. Nothing in this Order shall (i) preclude or restrict the Receiver or any party hereto from asserting any claims against the Receiver or any other party hereto for any matter in connection with the scattered site program or otherwise; provided, however that the foregoing shall not constitute a waiver by the Receiver or any other party of any defense which it may have to such claim, including, but not limited to, a defense by the Receiver that it enjoys immunity from such claim, (ii) obligate HUD to furnish funds to the Receiver in addition to any funds which HUD would otherwise be obligated to provide

to CHA by virtue of any previous order of this Court or otherwise, or (iii) constitute a determination of the amount of funds which HUD is obligated to furnish by virtue of such previous orders or otherwise.

10. The Receiver is hereby excused from complying with Rule 9(b) of the Civil Rules of the United States District Court for the Northern District of Illinois.

11. The effective date of this Order (the "Effective Date") shall be the date upon which the Receiver has filed with this Court and served upon the parties hereto a notice signifying that the Receiver is satisfied that there is in force the insurance coverage referred to in Paragraph 2(b)(iii) above.

12. Except as and to the extent specifically provided in this Order, this Court's judgment orders previously entered herein, as previously modified, remain in full force and effect. The Court retains jurisdiction of this matter for all purposes, including enforcement and issuance, upon proper notice and motion, of orders modifying or supplementing the terms of this order upon the presentation of relevant information or material changes in conditions existing at the time of this order or any other matter.

ENTER:

United States District Judge

August 14, 1987

D

U. S. Department of Housing and Urban Development
Washington, D.C. 20410-5000

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

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CHAIRMAN'S
OFFICE

Mr. Joseph Shuldiner
Executive Director
Chicago Housing Authority
626 W. Jackson Boulevard
Chicago, IL 60661-5601

Dear Mr. Shuldiner:

On June 30, 1997, the Chicago Housing Authority (CHA) submitted a revised Revitalization Plan and Budget for the Cabrini-Green HOPE VI/Urban Demonstration Program.

The Revitalization Plan (RP) and HOPE VI Budget for Cabrini-Green, dated June 30, 1997, are hereby approved, with certain conditions and further requirements as set forth herein. The CHA, Cabrini-Green residents and their leaders and advisers, private developers and investors, the Board of Education, and especially the Mayor and the City of Chicago, are all to be commended for the most innovative and extensive urban revitalization proposal that HUD has received to date in the HOPE VI program.

As proposed, a Federal investment of $69 million ($50 million of HOPE VI and $19 million of previously approved Public Housing Development funds) will be the catalyst for $315 million of new housing, schools, public facilities, and commercial uses on 71 acres (of which 48 percent is vacant land) on the Near North Side of Chicago. The City is calling the overall plan its Near North Redevelopment Initiative (NNRI). The NNRI will take place in three phases and is targeted for completion in the year 2006. The HOPE VI grant will be closed out by year 2004.

The City has taken steps to designate the NNRI as a Tax Increment Financing (TIF) District. Once approved, this will enable the City to issue a bond to finance land acquisition, infrastructure improvements, business relocation, and job training. The tax increments generated by the new development in the area will be used to repay the bondholders. The CHA intends to request that TIF funds also be used to fund modernization work at the remaining Cabrini high rise buildings.

The public housing component of the NNRI is based on the removal in two phases of eight mid- and high-rise buildings totalling 1324 dwelling units in Cabrini Extension, and replacing them with 701 new units on- and off-site in the surrounding neighborhood. The 701 new public housing units represent about 30 percent of an expected 2372 new privately developed rental and for-sale units to be built on eight separate land parcels, including 923 units to be built back on-site at Cabrini Extension.

The first three private developments are already under construction or nearing completion, and will provide the first 57 replacement public housing units. In addition to the 30 percent that will be reserved for CHA acquisition or long-term lease and use as public housing, 20 percent of the new units will be affordable to moderate-income families (earning 80-120 percent of median income), and will be financed through the City's New Homes for Chicago program. The remaining 50 percent of the units will be sold or rented at the market rate. CHA will require that half of the families moving into the 701 public housing units be "working families", which provides about 350 units for very-low-income families and those on fixed incomes.

The CHA, the City, and the Board of Education own most of the land on which the 2372 units of new housing will be built. All three entities will issue Request for Proposals (RFPs) seeking private development proposals that respond to the 30/20/50 income mix and design densities set forth in the RP. The CHA intends to offer about 15 acres of Cabrini Extension land on long-term leases for private development, in two phases.

The 2372 dwelling units (dus) will be developed in three distinct phases spread over 7 to 8 years, as follows:

Phase I -	1337 dus	(389 public housing),	in 3-4 years.
Phase II -	505 dus	(153 public housing),	in years 5-6.
Phase III -	530 dus	(159 public housing),	in years 7-8.
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TOTALS ----	2372 dus	(701 public housing),	in 7 to 8 years.

The first phase (Phase I) includes the former sites of the high-rise public housing buildings at 1117-19 N. Cleveland and 1157-59 N. Cleveland and the current sites of the high-rise public housing buildings at 1150-60 N. Sedgwick and 1158 N. Cleveland. HUD has previously approved the demolition of the first three buildings, and CHA's demolition application for 1158 N. Cleveland is currently under review. Two of these buildings were demolished in 1995, and the other two are fully vacant. These four buildings contained a total of 725 dwelling units.

CHA intends to submit a disposition application on the 1.82 acre site of the demolished 1117-19 N. Cleveland building so that the land can be used by the Chicago Board of Education to construct a new elementary school. In exchange for this site, the Board of Education has agreed to transfer to the CHA a site of comparable size and value. CHA's Phase I is expected to generate 418 new units, of which 133 (31.8 percent) will be public housing .

CHA's second phase (Phase II) of on-site development would include the sites of the high-rise buildings at 1159-61 N. Larrabee, 1121 N. Larrabee, 1015-17 N. Larrabee, and 500-502 W. Oak. These four buildings contain a total of 599 units, of which 314 (52.4 percent) were occupied as of June 12, 1997. CHA has not requested HUD approval to demolish these four buildings, and has committed to the Cabrini-Green residents to await progress in construction of Phase I replacement housing before seeking HUD approval for the Phase II demolition. Phase II is expected to generate 505 new units, of which 153 (30.3 percent) will be public housing.

The proposed demolition of eight high-rises in Cabrini Extension would remove 1324 public housing units, of which 544 were or are occupied. The RP proposes to replace the eight buildings with 701 public housing units on- and off-site, in addition to the 167 Section 8 certificates that HUD previously funded as part of the HOPE VI replacement housing. The 868 replacement units are more than sufficient to accommodate the 544 affected households, especially since some families have already accepted permanent relocation to scattered site public housing and other CHA developments.

The 493 replacement housing units to be funded with the $69 million of Public Housing Development and HOPE VI grants are expected to be built and ready for occupancy within five years (by the end of year 2001).

Revision Number 1 of the HOPE VI Budget, dated May 12, 1997, is hereby approved, with changes as indicated on the enclosed copy. Capital costs total $41,645,524 (83.3 percent of grant); Supportive Service costs total $8,354,476 (16.7 percent of grant). The "Total Development Cost (TDC)" of the 303 units to be funded from the HOPE VI grant will be calculated as individual development/acquisition proposals are submitted for HUD review and approval. The $34,328,543 budgeted in Account 1440, Site Acquisition, will be held in Account 2000 and only released as individual development/acquisition proposals are reviewed and approved by HUD. We note that the proposed expenditures for the Lower North Community Center have been deleted from the HOPE VI Budget.

Article XXI.17 of the Grant Agreement approved the use of up to $10 million for the acquisition of parcels of land for housing development by the CHA. In light of the RFP approach that CHA will use to acquire new dwelling units, the approval in Article XXI.17 is hereby rescinded.

Section 7, Management Plan, of the RP proposes to establish a separate waiting list for the HOPE VI replacement housing through the creation of local preferences. The CHA also proposes income disregards for residents who participate in the Resident

Employment Development Initiative (REDI) program, and screening procedures for all eligible families as if they were new potential residents for occupancy of HOPE VI replacement units. These proposed changes to CHA's occupancy standards and practices are hereby approved, subject to applicable statutes.

Section 8, Community Involvement, of the RP discusses the various ways in which resident and community involvement has been achieved in the development of the initial HOPE VI Application in early 1993, the first revised Revitalization Plan submitted to HUD on March 15, 1995, and now the second revised Revitalization Plan submitted on June 30, 1997. Although the CHA has repeatedly tried to obtain resident concurrence and sign-off on the Resident Consultation Plan called for by Article XIX and Article XXI.37 of the Grant Agreement, concurrence has repeatedly been withheld.

Section 9, Self-Sufficiency and Community Building Work Plan, lists a variety of community service, supportive service, and security-related programs that do not all appear to fit the welfare reform work plan that we are now requiring of all HOPE VI grantees (see REQUIREMENT NO. 8). In the summer of 1995, HUD released funds for the first 12 months implementation of community service and supportive services programs. Even though two years have passed, CHA has not fully utilized the funds released for the first year. CHA is hereby informed that no additional funds will be released for BLI 1408 until a comprehensive and cohesive welfare reform work plan has been developed and approved by HUD, pursuant to the instructions that will be provided in the September 28-29 conference.

In October 1996, the Cabrini LAC filed suit against the CHA to halt implementation of the HOPE VI Plan and stop further demolition. Their lawsuit alleges that the residents of Cabrini-Green have not been adequately consulted in the development of the revised HOPE VI plan. On page 8-3 of the Plan it states that the Court has set a trial date for late 1998 on the lawsuit filed by the Cabrini Local Advisory Council (LAC) in October 1996. Will CHA be able to proceed with the demolition of Phase I buildings and the development/acquisition of Phase I units as per the proposed schedule before the trial date, or will the entire schedule need to be pushed back a year or more?

REQUIREMENT NO. 1 - That within 30 days of the date of this letter, CHA provide evidence that the Plaintiffs and the Court in the Dorothy Gautreaux, et al., case have approved or have no objection to the development/acquisition of replacement public housing in the quantities and locations proposed in the HOPE VI Revitalization Plan.

REQUIREMENT NO. 2 - That within 30 days of the date of this letter, CHA submit its plan to secure funding for the approximately 208 units of replacement housing that are not funded by the $69 million of HOPE VI and Public Housing Development grants. The RP mentions the possibility of tax credits and land lease proceeds, but does not give any dollar amounts. We have also been informed that Mr. Alexander Polikoff, Attorney for the Plaintiff in the Dorothy Gautreaux, et al., case, has $20 million of previously approved public housing development funds that have not yet been allocated to a specific project. Is there a possibility that these funds could be obtained to complete the funding for the 701 replacement public housing units?

REQUIREMENT NO. 3 - That CHA submit a disposition application for the parcel to be exchanged with the Board of Education.

REQUIREMENT NO. 4 - That CHA submit a disposition application for the balance of the land in Phase I, including a draft of the RFP to be used to solicit developer proposals for replacement housing.

REQUIREMENT NO. 5 - Pursuant to Article IV.12 of the HOPE VI Implementation Grant Agreement, CHA must submit for HUD approval a list of proposed subgrantees, and must also submit for HUD approval each subgrantee agreement prior to execution with the subgrantee.

REQUIREMENT NO. 6 - Any subgrantee agreements already executed must be submitted for HUD approval within 15 days of the date of this letter. We note that as of August 30, 1997, about $3,150,000 had been drawn down through the LOCCS system for resident services (account BLI 1408) without any contract or subgrant agreement having been submitted to HUD for approval. If CHA fails to respond to this requirement by the date indicated, HUD will move all remaining funds in BLI 1408 to BLI 2000.

REQUIREMENT NO. 7 - Article XXI.11 of the Grant Agreement required that CHA provide a full description of the process it intends to utilize to subgrant funds to providers of community service activities or supportive services, i.e., CHA's "regranting program". This information was not provided in the RP, and must be submitted to HUD within 30 days of the date of this letter. The HOPE VI Budget shows $612,985 for this purpose, and page 9-3 of the RP states that funds have already been awarded to seven community organizations. The CHA is hereby instructed not to make any additional re-grant awards until the requested information has been submitted to HUD.

REQUIREMENT NO. 8 - On or about September 2, 1997, CHA received a letter from this Office requesting that you send appropriate representatives to a conference in Kansas City, Missouri, on September 29-30. All HOPE VI grantees have been asked to attend one of four regional conferences at which the requirements of responding to recent welfare reform legislation will be discussed, and grantees will be asked to prepare a formatted work plan showing how the HOPE VI-funded community service and supportive services will accomplish the economic development and upward mobility envisioned by welfare reform legislation. All grantees will have a similar workplan so that statistics can be compiled for the entire HOPE VI program. We appreciate and thank you for the presentations that Ron Carter has made in prior workshops, and look forward to his participation in the three remaining welfare reform conferences.

REQUIREMENT NO. 9 - That CHA submit a copy of all RFPs for development proposals concurrently to the HUD Illinois State Office and to the Office of Public Housing Investments (OPHI), and submit each development/acquisition proposal to OPHI for prior review and approval.

REQUIREMENT NO. 10 - The Milestone Schedule under Tab 10 of the RP indicates that the 493 replacement housing units to be acquired with Public Housing Development and HOPE VI funds will be ready for occupancy by late 2001, and that HOPE VI grant closeout will begin in 2002. Please provide an explanation of why grant closeout is expected to take two years and not to be finished until 2004. The HOPE VI grant for Cabrini-Green was awarded in the fall of 1993, and the Grant Agreement was executed in November 1994. The proposed schedule needs to be accelerated as much as possible.

REQUIREMENT NO. 11 - Article XXI.12 of the Grant Agreement requires that CHA provide a Staffing and Time Allocation Plan with its RP. Page 5-1 of the RP provides the names of three persons, and the explanation for BLI 1410, Administration, in the Budget states that staff costs consist of three full-time positions. Please provide a listing of all persons, with name, title and HOPE VI function, that are being charged full or part time to the HOPE VI budget, including any persons outside the immediate redevelopment office, together with the total of their annual salary and benefits and the percentage that is being charged to HOPE VI.

REQUIREMENT NO. 12 - The RP states that the Tax Increment Financing (TIF) will pay for infrastructure improvements. However, the revised HOPE VI Budget in Section 6 of the RP proposes to spend $1 million for "the costs of infrastructure, interior sidewalks and landscaping associated with the new development". Why can't these costs be paid from the TIF? We will withhold the $1 million for BLI 1450 until a satisfactory explanation is received.

REQUIREMENT NO. 13 - Article XXI.12.(a) of the Grant Agreement calls for the establishment of a position of HOPE VI Program Manager. Ms. Eileen Rhodes has held this position since the fall of 1995, but we understand she resigned effective September 5, 1997. Article XXI.12.(b) of the Grant Agreement requires that the HOPE VI Program Manager coordinate and oversee the activities of all parties involved in the implementation of the RP, but this has not been the case. CHA must inform us within 15 days of the date of this letter how it proposes to administer the Cabrini HOPE VI program so that there is effective internal coordination. We also request a more detailed statement than the third paragraph on page 5-1 of the RP on how the CMHDC and the three panels of consultants which CMHDC has retained will be involved in structuring and negotiating replacement housing deals.

REQUIREMENT NO. 14 - The Cabrini-Green housing complex actually consists of three separate public housing developments constructed at three different times. The HOPE VI program was approved specifically for Cabrini Extension, which consists of 15 high-rise buildings, and not for the original low-rise Cabrini Homes, or for the separate Green Homes. To date, it appears that CHA has not limited the expenditure of HOPE VI funds to Cabrini Extension, but has instead extended the community and supportive services to all three developments. Within 30 days of the date of this letter, CHA must submit for HUD review and approval an explanation and justification for any expenditure of HOPE VI funds outside of Cabrini Extension. Otherwise, expenditures must be restricted to the present and relocated residents of Cabrini Extension, and to the buildings of Cabrini Extension.

REQUIREMENT NO. 15 - That within 60 days of the date of this letter CHA submit its proposed Plan for Resident Consultation for HUD review and approval, unless advised by CHA's General Counsel that such action should await the resolution of the lawsuit that the Cabrini LAC has filed against the CHA and the City. In that case, please submit CHA General Counsel's opinion.

REQUIREMENT NO. 16 - In addition to the quarterly and semi-annual reports called for by the Implementation Grant Agreement, we will soon be asking all HOPE VI grantees for a monthly report on budget expenditures, program schedule, and relocation, demolition, development, construction, occupancy, welfare reform and other essential program statistics. You will receive an initial database that we have created from information received to date, and will ask that CHA review, correct and complete the database before certifying to its accuracy. We will then be asking for monthly updates to all information in the database, and intend to use the internet for rapid transmission of data. KPMG Peat Marwick is under contract to our office to design and manage this HOPE VI program database and report generation. CHA should plan now for qualified staff that can collect and transmit the required information.

This letter does not approve any disposition of CHA land although HUD recognizes that disposition is a necessary part of the proposed method of development/acquisition of replacement housing. The CHA will need to submit separate Disposition Applications pursuant to 24 CFR 970.7 at the appropriate time.

This letter recognizes the conceptual use of long-term leases to acquire replacement public housing, but does not approve the contractual and funding methods that have been proposed by CHA in separate correspondence. The Department cannot give a formal approval until one or more development proposals are submitted in accordance with 24 CFR Part 941, and specifically Subpart F thereof. We are working closely with CHA, the HUD Illinois State Office, and the developer/mangers of the initial Phase I properties to work out an approach that meets all statutory and program requirements.

This approval incorporates all the provisions of applicable laws, the original Notice of Funding Availability (FY 1993) under which CHA applied for HOPE VI funding, the Implementation Grant Agreement executed on November 14, 1994, and other HOPE VI program guidance, except as specifically stated herein or in subsequent approvals.

The Chicago Housing Authority has submitted a very exciting and far-reaching plan for community revitalization that will have beneficial effects well beyond the boundaries of Cabrini-Green. We encourage the CHA to continue working closely with the Mayor and other City Offices, with the Board of Education, with community leaders and business interests, and with the residents and neighbors of Cabrini-Green so that the full potential of the proposed HOPE VI revitalization program can be achieved.

Please do not hesitate to call whenever our Office can be of assistance. We look forward to your response to the "Requirements" set forth herein.

Sincerely,

Elinor R. Bacon
Deputy Assistant Secretary
Office of Public Housing Investments

Enclosure (Budget)

E

HOPE VI ACTIVITIES AND PROGRAM REQUIREMENTS

In the absence of program Regulations, each HOPE VI grant is governed by the NOFA under which the grant was awarded, and the Grant Agreement executed between the Grantee and HUD.

In addition, the administration of grant and sub-grant funds is subject to all applicable rules, regulations, and policies issued by the Office of Management and Budget (OMB), the General Accounting Office (GAO) and HUD, and to other applicable state and Federal laws and regulations.

The following is a list of eligible HOPE VI activities and the corresponding HUD regulations that apply.

1. Total or partial demolition of buildings or disposition of property (subject to the requirements of section 18 of the 1937 Act (42 U.S.C. 1437p). **Demolition and disposition** activity funded by HOPE VI must be conducted in accordance with 24 CFR part 970.

2. Capital costs of major reconstruction, rehabilitation, and other physical improvements (including energy retrofits) (subject to TDC limitations). **Rehabilitation and physical improvement** activities must be conducted in accordance with 24 CFR 968.112(b), (d), (e), and (g)-(o), 24 CFR 968.130, and 24 CFR 968.135(b) and (d). These provisions were published in the Federal Register on March 5, 1996 (61 FR 8712, 8738), and are included in the May 1, 1996 codification of the Code of Federal Regulations.

3. Capital costs of replacement housing, including homeownership housing (subject to TDC limitations).

   Public housing development (including on-site reconstruction as well as construction of off-site housing) funded by HOPE VI must be conducted in accordance with 24 CFR part 941. (Streamlined 941 subparts A-F were published in the Federal Register on July 22, 1996.)

   Mixed finance development must be conducted in accordance with 941 subpart F (published in the Federal Register on May 2, 1996 (61 FR 19708, 19714)).

   Units acquired or otherwise provided for **homeownership** under section 5(h) of the 1937 Act must be administered in accordance with 24 CFR part 906; housing opportunity programs of construction or substantial rehabilitation of homes must be administered in accordance with 24 CFR part 280 (the Nehemiah Program);

   Housing activities under the **HOPE II** program must be conducted in accordance with 24 CFR subtitle A, appendix B;

   Housing activities under the **HOPE III** program must be conducted in accordance with 24 CFR subtitle A, appendix C;

4. Section 8 **tenant-based assistance** to provide replacement housing for residents displaced by demolition. Use of **Section 8** rental certificates must be conducted in accordance with 24 CFR part 882.

5. Management improvements for the reconstructed development. The **administration and operation** of units must be in accordance with all existing public housing rules and regulations.

6. Planning and technical assistance.

7. Programs designed to help residents gain employment and attain self-sufficiency.

8. FY 1993 - 1995 grantees must also implement a community service program.

F

C O P Y

HORNER HOPE VI AND
ABLA/BROOKS EXTENSION
HOPE VI DEVELOPMENT MANAGEMENT AGREEMENT

April 21

This AGREEMENT ("Agreement") is made and entered into as of ______, 1997 between the Chicago Housing Authority, a municipal corporation organized and existing under the laws of the State of Illinois (the "Authority"), and The Habitat Company, an Illinois corporation ("Habitat").

RECITALS:

A. The Authority is a public housing agency authorized to operate public housing in the City of Chicago pursuant to the Illinois Housing Authorities Act. Daniel Levin and The Habitat Company were appointed Receiver for the development of all non-elderly CHA public housing development programs on August 14, 1987, by the U.S. District Court (Gautreaux Case).

B. The Authority submitted an application to the United States Department of Housing and Urban Development ("HUD") for funding of a Hope VI-Urban Revitalization Demonstration Program (Hope VI) pursuant to which HUD authorized the development of 200 units of housing to replace units scheduled for demolition in the public housing development community known as Brooks Extension (IL 2-31), which is a part of the combined public housing property known as ABLA (Abbott, Brooks, Loomis, Addams) and 150 units of housing to replace units scheduled for demolition in the public housing development community known as Henry Horner Homes - Phase II (IL 2-19), and Extension (IL 2-35), all as described in the application.

C. HUD approved funding for the Hope VI-Urban Revitalization Demonstration Program and pursuant thereto, HUD and the Authority plan to enter into an Implementation Grant Agreement (Form HUD- 1 044) to develop 200 replacement public housing units for the total amount of twenty-four million four hundred eighty-three thousand two hundred fifty dollars ($24,483,250), and to develop 150 replacement public housing units for the total amount of eighteen million four hundred thirty-five thousand three hundred dollars ($18,435,300).

D. Hope VI provides for the integration of public housing units into a sustainable, mixed-income community, which requires coordinated and comprehensive planning, and effective implementation of the plan.

E. The Authority desires to contract with Habitat to be development manager for the 350 public housing replacement units contemplated under HOPE VI Program (The Program). The Authority may desire to delegate to Chicago Metropolitan Housing Development Corporation (CMHDC) certain responsibilities/activities referred to in this Agreement as those of the Authority.

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F. Notwithstanding this contract, the terms of the Receivership Order in the Gautreaux Case dated August 14, 1987, appointing Daniel Levin and The Habitat Company as Receiver for the development of all non-elderly CHA public housing development programs (Receiver) are not affected or altered in any way by this contract.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Obligations of Habitat and the Authority. Habitat and the Authority shall cooperate with each other in coordinating and managing the planning and implementation of the Program in accordance with the provisions of the Program in accordance with the provisions of the Annual Contribution Contract No. IL06URD00___ (Note: issuance by HUD is pending at this time (the "ACC")), as the same may be amended from time to time, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference. Habitat agrees that in performing its obligations hereunder, it will comply with all applicable laws, including but not limited to, the applicable provisions of the United States Housing Act of 1937, as amended, the ACC and the applicable HUD regulations and HUD handbooks, but nothing shall prevent Habitat from requesting the Authority to seek a waiver of any of the applicable provisions of any of the foregoing. Habitat understands that although the Authority may request a waiver from HUD, there is no guarantee that HUD will grant such a waiver. In such event, Habitat shall not be relieved of performing its obligations hereunder in accordance with all applicable laws and regulations.

A. Planning Phase. The Authority in conjunction with Habitat shall solicit comment from the City of Chicago agencies, elected officials, community and business organizations and residents of ABLA. The Authority and Habitat shall solicit qualifications and proposals from, and retain design professionals and other consultants deemed necessary by Habitat to assist in the physical planning and coordination of the development contemplated. The Authority shall review with Habitat the proposals and approve of the contracts for the selected design professionals and consultants.

Habitat and the Authority shall solicit and analyze the proposals in light of the comments received. Habitat shall assist, as requested, and cooperate with the Authority with regard to the preparation of a revised HOPE VI Revitalization Plan for submission to HUD, if necessary, and after seeking approval from counsel for the Gautreaux plaintiffs, shall prepare a request to the U.S. District Court for permission to build replacement public housing in the ABLA area by declaring it a "Revitalizing Area."

B. Implementation Phase. Upon the Authority's and HUD's approval of an acceptable development program (the "Approved Program"), Habitat shall in cooperation with the

Authority, be responsible for all aspects of the implementation phase of the Approved Program including, without limitation:

1) Land acquisition, as necessary;
2) Unit design and density;
3) Determination of form of construction arrangement and negotiation of terms thereof,
4) Development budgets for each phase of the Program;
5) Selection of design professionals and consultants;
6) Negotiation of contracts with developers selected by Habitat to implement the Approved Program and
7) Supervision of the construction during the construction phase and coordination with the Authority and HUD during the warranty and post-construction phases.

The Authority and Habitat shall each delegate a staff person as the Official Representative (O.R.) to respectively represent the Authority and Habitat in business matters regarding this Agreement. The O.R. (or his/her designee) of the Authority shall provide prompt review of any request for approvals by Habitat. Examples of situations/activities requiring prior approval by the Authority's O.R. are:

a. Contracts to acquire real property;
b. Final design and the development site plan;
c. Selection of design professionals and consultants;
d. Construction contracts;
e. The total development cost (TDC) budget prepared for HUD approval.

The Authority's approval of the total development cost budget attached hereto as Exhibit B expressly authorizes Habitat to expend and draw down funds from CHA to the extent the amounts are within the limitations in the following budget categories: administration, planning and IOD, site acquisition (except for the property purchases).

Habitat shall advise the Authority in advance of all communications, presentations and submissions to government officials, community organizations or representatives in connection with its role as Development Manager for the Program. Should the Authority deem it appropriate for Authority personnel to become involved in the aforesaid activities, Habitat shall fully operate with the Authority in any such effort.

C. <u>Personnel and Performance</u> Habitat shall devote such time and personnel as necessary for the diligent, effective, thorough and careful performance of its duties hereunder. Habitat agrees to use its best skill and judgment in the performance of its obligations hereunder and to cooperate with Authority staff or agents in promoting the interests of the Approved Program. Habitat agrees to provide timely administration and advice, and to provide professional superintendence and administration of the work related to the Approved Program.

D. No Employer/Employee Relationship. Notwithstanding the foregoing, it is explicitly acknowledged that Habitat is engaged as an independent contractor for the performance of the services described herein. The Authority and Habitat are not partners, or joint venturers, and have no employer/employee relationship.

2. Compensation. Habitat shall be paid a development manager fee ("Developer Fee") equal to the greater of 3% of the Total Development Cost ("TDC") or $3672.49 per unit, for each completed unit of public housing under the Approved Program. This fee is provided for in the "planning" category of the Development Budget. Additionally, Habitat shall be reimbursed for all administrative costs directly associated with site acquisition, administration and planning ("Costs") listed in the Development Budget. Notwithstanding the foregoing, the sum of all Developer Fees and Administrative Costs payable by the Authority shall not exceed the greater of 7% of the TDC, or $8569.14 per unit, whichever is greater. The portion of the Developer's Fee attributable to each completed unit shall be earned and paid upon completion (denoted by issuance of a Certificate of Occupancy by the City of Chicago) and transfer of such unit. Costs shall be paid within 30 days of receipt of an invoice. Habitat shall invoice the Authority no more than once each month. Notwithstanding the foregoing, it is expressly agreed to and acknowledged that the Authority shall not be responsible for the payment of salaries, wages or other employee compensation and benefits, FICA, payroll taxes, administrative costs, or any federal, state or local taxes relative to Habitat's business. In addition to the above fees and administrative costs to Habitat, the Authority shall receive fees of 3% of the TDC.

The Program contemplates the development of public housing but there may also be market rate housing in a mixed-income setting. To the extent that Habitat receives any development management fees or other compensation in connection with its role in the planning for and/or development of market rate housing, such fees or other compensation shall be divided between the Authority and Habitat as follows: 1/3(one third) to the Authority, 2/3(two thirds) to Habitat.

3. Resident Outreach. The Authority shall be the principal public spokesperson with respect to the Approved Program. As such, the Authority shall coordinate with, and be the principal communication link to the ABLA residents, their official representatives and their consultants. The Authority shall provide Habitat advance notice of such meetings and communications and shall cooperate with Habitat to facilitate the coordination of such communication by joint attendance at such meetings.

The Authority shall be responsible for the demolition and social service components of the Hope VI Program.

4. Cooperation of the Parties. The Authority and Habitat agree to fully cooperate with one another to carry out the planning and implementation of the Approved Program. Both parties agree to execute and deliver any all documents reasonably requested by the other or required

by any governmental authority relative to the Approved Program. The parties agree that if modifications of the ACC or waivers of HUD regulations or provisions are necessary to appropriately implement the Program, they will seek such amendments or waivers from HUD.

5. Indemnification. The Authority shall indemnify and hold Habitat harmless from and against all liabilities, costs, damages and expenses (including without limitation, reasonable attorneys' fees, disbursements and amounts paid in settlement of claims) incurred by Habitat in connection with the Authority's breach of any of its duties and obligations under this Agreement, except any resulting from the gross negligence, or willful breach of any obligation under this Agreement by Habitat, its agents, or others under its direct control. Habitat shall indemnify and hold the Authority harmless from and against all liabilities costs, damages and expenses (including without limitation, reasonable attorneys' fees, disbursements and amounts paid in settlement of claims) incurred by the Authority in connection with Habitat's breach of any of its duties and obligations under this Agreement, except any resulting from the gross negligence of Authority or its willful breach of its obligations under this Agreement.

6. Term. The term of this Agreement shall commence on the date hereof and shall expire upon completion of the Approved Program unless sooner terminated in accordance with the terms hereof. In the event that the (Program or) Approved Program is terminated, or otherwise limited or forestalled for reasons beyond the Authority's control, the Authority may, at its option, terminate this Agreement by written notice to Habitat. Upon termination of this Agreement, including termination pursuant to default, as provided in paragraph 7, Habitat shall immediately refrain from entering into any further contracts or agreements with respect to the implementation of the Approved Program, subject however to its obligations as Receiver, to the extent any obligations exist. Habitat shall also transfer to the Authority, at the time and in the manner reasonably directed by the Authority, all of its right, title and interest in completed and uncompleted work, supplies, materials, contracts, agreements, guarantees, books, papers, reports, records, plans, specifications, drawings, surveys, schedules, reports, and all other property resulting from and related to the performance of Habitat's obligations under this Agreement. Habitat shall be relieved of all responsibility to provide any further services hereunder and the Authority shall assume all and full responsibility for all matters and contracts assigned to it and for the performance of Habitat's obligations hereunder. Furthermore, upon such termination, Habitat shall be promptly paid all compensation for services provided prior to such termination.

7. Default. In the event that Habitat breaches any of its duties or fails to meet any of its obligations hereunder, the Authority shall notify Habitat in writing of such breach or failure. Habitat shall have thirty (30) business days from the date of receipt of such notice to cure such breach or perform such deficient obligation. It shall be an event of default if Habitat has failed to cure any breach or correct any performance deficiency within thirty (30) business days after receipt of notice given in accordance with the terms of this Agreement. Upon the occurrence of an event of default, the Authority shall have the following rights and remedies.

(a) The right to terminate this Agreement as to any or all of the Approved Program activities effective at a time specified by the Authority;

(b) All other rights and remedies available at law or in equity.

The parties acknowledge that this provision is solely for the benefit of the Authority and that if the Authority permits Habitat to continue to perform despite Habitat's default, Habitat shall in no way be relieved of any of its responsibilities, duties or obligations under this Agreement nor shall the Authority waive or relinquish any of these rights.

The remedies under the terms of this Agreement are not intended to be exclusive of any other remedies provided, but each and every such remedy shall be cumulative and shall be in addition to any other remedies, existing now or hereafter, at law or in equity. No delay or failure to exercise any right or power accruing upon any event of default shall impair any such right or power nor shall it be construed as a waiver of any event of default or acquiescence thereto, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

8. Minority and Women Business Enterprise Commitment. Habitat agrees to comply with the terms and conditions of the Authority's Minority Business Enterprise ("MBE") and Women Business Enterprise ("WBE") conditions, provided, however, that the Executive Director may waive the MBE and WBE participation requirements. The MBE and WBE schedules are attached as Exhibit C.

During the term of this Agreement, Habitat hereby agrees to provide, and to contract with all contractors and subcontractors performing work/services pursuant to this Agreement to provide, opportunities to the Authority Residents in accordance with C.F.R. Part 135. The MBE and WBE schedules and 24 C.F.R. Part 135 Participation plans shall be attached hereto as Exhibit C and incorporated by references as if fully set forth herein.

9. Audit Requirement. Habitat shall keep books, documents, paper, records and accounts in connection with the Approved Program accessible and open to audit by the authority, HUD, the Comptroller General of the United States or their duly authorized representatives, and allow inspection, copying, abstracting and transcriptions. Habitat shall make these records available to the Authority at reasonable times during the performance of this Agreement. In addition, Habitat shall retain all such documents and records in a safe place and make them available for at least three (3) years after the final payment is made in connection with this Agreement and all other pending matters are closed.

Payment of any invoice by the Authority does not constitute a waiver of the Authority's rights to subsequently question, compromise or request repayment or future credit for any invoice previously paid. Habitat shall maintain records showing actual time devoted and costs incurred.

10. Drug-Free Workplace. Habitat should establish procedures and policies to promote a "Drug-Free Workplace" and should notify all employees of this policy for maintaining a "Drug-Free Workplace," including the penalties that may be imposed for drug abuse violations occurring in the workplace. Habitat agrees to notify the Authority, in writing, if any of its employees are convicted of a criminal drug offense in the workplace no later then ten (10) days after such conviction.

11. Conflict of Interest and Anti-Lobbying. No member of the governing body of the Authority or other units of government and no other officer, employee, or agent of the Authority or other unit of government who exercises any functions or responsibilities in connection with the Approved Program to which this Agreement pertains, shall have any personal interest, direct, or indirect, in this Agreement. No member of or delegate to the Congress of the United States or the Illinois General Assembly and/or Authority executive and senior staff or employee shall be admitted to share in any part of this Agreement or any financial benefits arising thereunder.

Pursuant to the conflict of interest requirements in OMB Circular A- 1 02 and 24 CFR §85.36(b)(3), no person who is an employee, agent, consultant, officer, or appointed official of the Authority and who exercises or has exercised any functions or responsibilities with respect to HUD assisted activities, or who is in a position to participate in a decision making process or gain inside information with regard to such HUD activities, may obtain a financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for itself or for those whom it has family or business ties, during his or her tenure with the Authority or for one year thereafter. Furthermore, the Authority represents that it is and will remain in compliance with federal restrictions on lobbying set forth in Section 319 of the Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1990, 31 U.S.C. subsection 1352, and related rules and regulations set forth at 54 Fed. Reg. 52,309 ff. (1989), as amended.

12. Compliance with HUD Regulations. In addition to the obligations stated in Paragraph 1, Habitat shall comply with the applicable provisions of HUD regulations, and all state and local laws, ordinances and executive orders including, but not limited to, the Uniform Administrative Requirements contained in 24 C.F.R. §§ 85.1 et seq., (1993), as amended; Title VI of the Civil Rights Act of 1967 (42 U.S.C. 2000d et seq.,); Fair Housing Act (42 U.S.C. 3601-20 et seq.,); Executive Order 11063, as amended by Executive Order 12259; Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.,); Rehabilitation Act of 1973 (29 U.S.C. 794); Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5); Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.); National Environmental Policy Act of 1969 (24 CFR Part 58); Clean Air Act (42 U.S.C. § 7401/et seq.,); Federal Water Pollution Control Act (33 U.S. C. § 1251 et seq.,), as amended; Flood Disaster Protection

Act of 1973 (42 U.S.C. 4106); Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601); Executive Order 11246, as amended by Executive Orders 12086 and 11375; Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 483 1 (b)); Executive Order 12372; Copeland "Anti-Kickback" Act (18 U.S.C. § 874 and 40 U.S.C. § 276); Byrd "Anti-Lobbying" Amendment (31 U.S.C. § 1352); Debarment and Suspension (Executive Orders 12549 and 12689); and the regulations implementing the laws as set forth in 24 C.F.R. Section 85.1 et seq., (1993), as amended.

13. Governing Law : Dispute Resolution. This Agreement will be governed as to performance and interpretation in accordance with the laws of the State of Illinois.

All claims, disputes and other matters in question arising out of, or relating to, this Agreement or the performance thereof may, if so elected by a party, be submitted to, and determined by, arbitration if good faith negotiations among the parties do not resolve such claim, dispute or other matter within sixty (60) days. Such arbitration shall proceed in accordance with the Commercial Arbitration rules of the American Arbitration Association then pertaining (the "Rules"), insofar as such Rules are not inconsistent with the provisions expressly set forth in this Agreement, unless the parties mutually agree otherwise, and pursuant to the following procedures:

(a) Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. Each party shall appoint an arbitrator, and those party-appointed arbitrators shall appoint a third neutral arbitrator within ten (10) days. If the party-appointed arbitrators fail to appoint a third neutral arbitrator within ten (10) days, such third neutral arbitrator shall be appointed by the American Arbitration Association in accordance with the Rules. A determination by a majority of the panel shall be binding.

(b) Reasonable discovery shall be allowed in arbitration.

(c) The costs and fees of the arbitration, including attorney's fees, shall be allocated by the arbitrators.

(d) The award rendered by the arbitrators shall be final and judgement may be entered in accordance with applicable law and in any court having jurisdiction thereof.

14. Patents and Copyrights. The Authority reserves an exclusive, perpetual and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for the Authority's purposes, including, but not limited to, commercial exploitation: (a) the copyright or patent in any work or deliverables developed in connection with the implementation of the Approved Program under this Agreement; and (b) any rights of copyright or patent to which Habitat purchases ownership with the funds awarded pursuant to this Agreement. If HUD determines that the patent or copyright, which is

either developed or purchased by Habitat serves a federal government purpose, a royalty-free, non-exclusive and irrevocable license shall vest in HUD.

Any discovery or invention (37 C.F.R. part 40) arising out of, or developed in conjunction with the work to be performed under this Agreement shall become the exclusive property of HUD and be promptly and fully reported to HUD for a determination as to whether patent protection on such invention or discovery should be sought.

15. Religious Activities. Habitat agrees that in connection with this Agreement: (a) it shall not discriminate against any person on the basis of religion and shall not limit employment or give preference in employment to persons on the basis of religion; (b) it shall not discriminate against any person applying for employment on the basis of religion and shall not give preference to persons on the basis of religion; and (c)it shall provide no religious instruction or counseling, conduct no religious worship services, engage in no religious proselytizing, and exert no other religious influence in connection with its performance hereunder.

16. Miscellaneous.

A. Further Assurances. Each party shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement as are not inconsistent with the terms hereof.

B. Reporting. Each quarter, during the term of this Agreement, Habitat shall prepare a written report to the Authority describing the status of the Approved Program. Specifically, the report shall include an accounting of all expenditures made or incurred in connection with the Approved Program, and summaries of actions taken pursuant to Paragraph 1(b) hereof. Said report shall be delivered to the Executive Director of the Authority no later than the 20th day following the beginning of each quarter. In addition, Habitat shall attend regularly scheduled meetings at such time intervals the Authority deems desirable regarding Habitat's progress in implementing the Approved Program.

C. Authority. Each party warrants and represents to the other that its execution of this Agreement has been duly authorized and the individuals signing this Agreement on behalf of each party have the authority to do so.

D. Construction. The paragraph captions used in this Agreement are for the purposes of convenience only and are not intended to, and shall not, affect the meaning, interpretation or construction of the text of this Agreement.

E. Entire Agreement: Amendment. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof. It may not be modified or amended except with the written consent of both parties.

F Confidentiality. Each party, for itself and its agents and employees, agrees that the documents and information made available to it (other than documents and information otherwise available in the public domain) are to be held by each party in the strictest confidence, that copies shall not be distributed to any party other than such parties whose knowledge of such documents and information is reasonably necessary to effect the purposes of this Agreement.

G. Enforcement Costs. If either the Authority or Habitat brings an action against the other party to enforce the terms hereof or to declare rights hereunder, the prevailing party in any such action shall be entitled to recover from the other party costs, reasonable attorney's fees and any other expenses incurred in connection therewith.

H. Notices. All notices, waivers demands, requests or other communications required or permitted hereunder shall, unless otherwise expressly provided, be in writing and be deemed to have been properly given, served and received (i) if delivered by messenger, when received; provided that no item shall be deemed received unless such messenger obtains a written receipt therefor, (ii) if mailed, on the third business day after deposit in the United States mail, certified or registered, postage prepaid, return receipt requested, (iii) if telexed or telecopied, twenty-four hours after being dispatched by telex or telecopy with confirmation of valid transmittal with a copy delivered by mail in the manner set forth in subsection (ii) above, and (iv) if sent by commercial overnight carrier, prepaid for next day delivery, on the next business day after delivery to such courier, in each case addressed to the party's address appearing below:

Authority: Chicago Housing Authority
626 W. Jackson Boulevard
7th Floor
Chicago, Illinois 60661
Attention: Executive Director

Habitat: The Habitat Company
350 West Hubbard Street
Chicago, Illinois 60610
Attention: Chairman

or to such other address(es) or addressee(s) as any party entitled to receive notices hereunder shall designate to others in the manner provided herein for the service of notices.

IN WITNESS WHEREOF, Habitat and the Authority have executed this Agreement as of the day and year first above written.

THE CHICAGO HOUSING AUTHORITY	THE HABITAT COMPANY
By:__________________	By:__________________
Executive Director	Chairman

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Development Budget

Exhibit A

THE HABITAT COMPANY SCATTERED SITE PROGRAMS
Horner II
REVISED BUDGET - 42 MONTHS TURNKEY - 150 Units
28-Feb-97 11:08 AM [#4]

COUNT CLASSIFICATION		Budget	Breakdown of Administrative Expenses: The Habitat Company	Breakdown of Administrative Expenses: CMHDC/CHA
	TOTAL DEVELOPER'S PRICE:			
1440	Site	0		
1450	Site Improvements	1,000,000		
1460	Dwelling Construction	14,417,293		
1465	Dwelling Equipment	150,000		
1470	Nondwelling Construction	0		
1475	Nondwelling Equipment	0		
1430.1	Architect	450,000		
	Other	0		
	TOTAL DEVELOPER'S PRICE	16,017,293		
	Per Unit	106,782		
	ADMINISTRATION:			
1410.1	Nontechnical Salaries	4,800	2,743	2,057
1410.2	Technical Salaries	967,853	553,031	414,822
1410.4	Legal Expense	30,000	17,142	12,858
1410.9	Employee Benefit Contributions	203,249	116,137	87,113
1410.10	Travel	12,000	6,857	5,143
1410.12	Publications	1,200	686	514
1410.14	Membership Dues and Fees	1,200	686	514
1410.16	Telephone and Telegraph	15,120	8,640	6,480
1410.18	Nondwelling Equipment	0	0	0
1410.19	Sundry Admin.	55,049	31,492	23,557
	TOTAL ADMINISTRATION - 7%	1,290,471	737,412	553,059
1415.	LIQUIDATED DAMAGES			
	INTEREST:			
1420.1	Interest to HUD	0		
1420.2	Interest on Notes - Non-HUD	0		
1420.7	Interest - Income from Investments	0		
	TOTAL INTEREST	0		
1425.	INITIAL OPERATING DEFICIT	75,000		
	PLANNING:			
1430.1	Architect. & Engin. Fees	0		
1430.2	Consult. Fees	0		
1430.6	Permit Fees	0		
1430.7	Inspection Costs	0		
1430.9	Housing Surveys	0		
1430.19	Sundry Planning Costs	628,059	553,059	0
	TOTAL PLANNING	628,059	553,059	0
	SITE ACQUISITION:			
1440.1	Property Purchases	0		
1440.2	Condemnation Deposits	0		
1440.3	Excess Property	0		
1440.4	Surveys and Maps	8,000		
1440.5	Appraisals	0		
1440.6	Title Information	0		
1440.8	Legal Cost - Site	25,000		
1440.12	Tax Settlements	0		
1440.10	Option Negotiations	0		
1440.19	Sundry Site Costs	30,000		
1440.20	Site Net Income	0		
	TOTAL SITE ACQUISITION	63,000		
	CONSTRUCTION & EQUIPMENT:			
1450.	Site Improvement	0		
1460.	Dwelling Construction	0		
1465.	Dwelling Equipment	0		
1470.	Nondwelling Structures	0		
1475.	Nondwelling Equipment	0		
1480.	Contract Work-in-Process	0		
1490.	Receiver Fee	0		
	TOTAL CONSTRUCTION & EQUIP.	0		
1495.	RELOCATION COSTS	0		
	TOTAL BEFORE CONTINGENCY	18,073,823	1,290,471	553,059
	CONTINGENCY	361,476		
	TOTAL	18,435,300	1,290,471	553,059

THE HABITAT COMPANY SCATTERED SITE PROGRAMS
ABLA
REVISED BUDGET - 42 MONTHS

TURNKEY - 200 Units

28-Feb-97 11:13 AM [#4]

	COUNT CLASSIFICATION	Budget	Breakdown of Administrative Expenses: The Habitat Company	Breakdown of Administrative Expenses: CMHDC/CHA
	TOTAL DEVELOPER'S PRICE:			
1440	Site	0		
1450	Site Improvements	1,900,000		
1460	Dwelling Construction	17,017,634		
1465	Dwelling Equipment	200,000		
1470	Nondwelling Construction	0		
1475	Nondwelling Equipment	0		
1430.1	Architect	0		
	Other	0		
	TOTAL DEVELOPER'S PRICE	19,117,634		
	Per Unit	95,588		
	ADMINISTRATION:			
1410.1	Nontechnical Salaries	6,400	3,657	2,743
1410.2	Technical Salaries	1,285,371	734,461	550,910
1410.4	Legal Expense	40,000	22,856	17,144
1410.9	Employee Benefit Contributions	269,928	154,237	115,691
1410.10	Travel	16,000	9,142	6,858
1410.12	Publications	1,600	914	686
1410.14	Membership Dues and Fees	1,600	914	686
1410.16	Telephone and Telegraph	20,160	11,519	8,641
1410.18	Nondwelling Equipment	0	0	0
1410.19	Sundry Admin.	72,770	41,629	31,140
	TOTAL ADMINISTRATION - 7%	1,713,828	979,330	734,498
1415.	LIQUIDATED DAMAGES			
	INTEREST:			
1420.1	Interest to HUD	0		
1420.2	Interest on Notes - Non-HUD	0		
1420.7	Interest - Income from Investments	0		
	TOTAL INTEREST	1		
1425.	INITIAL OPERATING DEFICIT	100,000		
	PLANNING:			
1430.1	Architect. & Engin. Fees	0		
1430.2	Consult. Fees	0		
1430.6	Permit Fees	0		
1430.7	Inspection Costs	0		
1430.9	Housing Surveys	0		
1430.19	Sundry Planning Costs	834,498	734,498	0
	TOTAL PLANNING	834,498	734,498	0
	SITE ACQUISITION:			
1440.1	Property Purchases	2,000,000		
1440.2	Condemnation Deposits	0		
1440.3	Excess Property	0		
1440.4	Surveys and Maps	52,500		
1440.5	Appraisals	8,850		
1440.6	Title Information	19,175		
1440.8	Legal Cost - Site	67,700		
1440.12	Tax Settlements	49,000		
1440.10	Option Negotiations	0		
1440.19	Sundry Site Costs	40,000		
1440.20	Site Net Income	0		
	TOTAL SITE ACQUISITION	2,237,225		
	CONSTRUCTION & EQUIPMENT:			
1450.	Site Improvement	0		
1460.	Dwelling Construction	0		
1465.	Dwelling Equipment	0		
1470.	Nondwelling Structures	0		
1475.	Nondwelling Equipment	0		
1480.	Contract Work-in-Process	0		
1490.	Receiver Fee	0		
	TOTAL CONSTRUCTION & EQUIP.	0		
1495.	RELOCATION COSTS	0		
	TOTAL BEFORE CONTINGENCY	24,003,186	1,713,828	734,498
	CONTINGENCY	480,064		
	TOTAL	24,483,250	1,713,828	734,498

Chicago Housing Authority MBE & WBE Schedules
and 24 C.F.R. Part 135 Participation Plans

Exhibit B

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

DOROTHY GAUTREAUX, et al.,	)	
	)	
Plaintiffs.	)	
v.	)	66 C 1459
	)	66 C 1460
CHICAGO HOUSING AUTHORITY and	)	(Consolidated)
ANDREW CUOMO, Secretary of Urban	)	
Department of Housing and Urban	)	Hon. Marvin E. Aspen
Development,	)	
	)	
Defendants.	)	

NOTICE OF FILING

To: SEE ATTACHED SERVICE LIST.

Please take notice that on December 19, 1997, we will file **Receiver's Statement Regarding the Chicago Housing Authority's Emergency Motion to Clarify Injunction** with the Clerk of the United States District Court for the Northern District of Illinois, Eastern Division, a copy of which is attached hereto and served upon you herewith.

Dated: December 19, 1997

Respectfully submitted,

DANIEL E. LEVIN and the
HABITAT COMPANY, Receiver,

By ______________________
One of their Attorneys

Michael L. Shakman
Barry A. Miller
Edward W. Feldman
Derek L. Cottier
MILLER, SHAKMAN, HAMILTON
KURTZON & SCHLIFKE
208 South LaSalle Street
Suite 1100
Chicago, Illinois 60604
(312) 263-3700
c:\wp51\files\bam\gautreaux\notice.fil

CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing **Notice of Filing and Receiver's Statement Regarding the Chicago Housing Authority's Emergency Motion to Clarify Injunction** by causing copies to be delivered by messenger to:

Susan Getzendanner
Nancy Eisenhauer
Skadden, Arps, Slate, Meagher &
Flom (Illinois)
333 West Wacker Drive, Suite 2100
Chicago, Illinois 60606

Jerome M. Butler
General Counsel for the
Chicago Housing Authority
200 West Adams - 2nd Floor
Chicago, IL 60606

Alexander Polikoff
Business and Professional People
For The Public Interest
17 E. Monroe Street, Suite 212
Chicago, Illinois 60603

Linda Wawzenski
Deputy Chief, Civil Division
Office of the U.S. Attorney
219 South Dearborn Street, Suite 500
Chicago, Illinois 60604

Lewis M. Nixon
John Jensen
U.S. Department of Housing
and Urban Development
77 West Jackson Boulevard, Suite 2620
Chicago, Illinois 60604

on December 19, 1997.

Derek L. Cottier