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

RECEIVED

MAR 18 1998

Judge Marvin E. Aspen
U.S. District Court

DOROTHY GAUTREAUX, et al.,

Plaintiffs,

v.

CHICAGO HOUSING AUTHORITY,

Defendant.

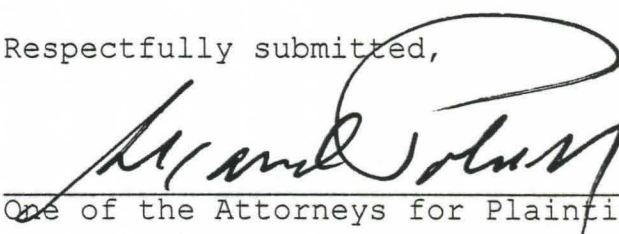
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MOTION FOR FURTHER RELIEF

Now come plaintiffs, by their attorneys, and respectfully request the Court to enter an order, in the form of the proposed order attached hereto, to the end of assuring that the Receiver is provided by CHA with the cooperation and assistance mandated by this Court's order of August 14, 1987.

In support hereof plaintiffs attached their memorandum and supporting affidavits.

Respectfully submitted,


One of the Attorneys for Plaintiffs

March 18, 1998

Alexander Polikoff
Julie Elena Brown
Business and Professional People
for the Public Interest
17 East Monroe Street - #212
Chicago, Illinois 60603
312/641-5570; fax: 312/641-5454

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J. Edgar Hoover
U.S. Dept. of Justice

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Judge Marvin E. Aspen
U.S. District Court

Plaintiffs' immediate objective is to assure that the Receiver is enabled to do its job. We are cognizant that HUD's General Counsel has written the Court that HUD neither directed CHA to take any action that would violate the Court's order nor

condones any action that would (Laster letter to Polikoff, 3/16/98), and that -- without denying any of the statements attributed to him in the Receiver's March 13, 1998, letter -- Mr. Shuldiner has written the Court saying that CHA is both mindful and respectful of the Court's orders and would pursue new directions only after receiving the Court's permission.

Under these circumstances, reserving their right to initiate contempt proceedings (including against HUD), for the present plaintiffs seek an exercise of the Court's "inherent capacity" to effectuate its own orders (Freeman v. Pitts, 503 U.S. 467, 487 (1992)) through the entry of an order in the form proposed, articulating the "ground rules" for the already mandated full cooperation and assistance that are essential to the Receiver's effective performance of its assigned task.

The Requested Order

As explained in the attached affidavits, CHA's course of conduct has in multiple ways impeded the Receiver in the performance of its task. Examples (only) of this course of conduct include:

- (1) Withholding (by refusal to provide signatures requested by HUD) over \$7 million of available funding for non-elderly housing.
- (2) Making commitments to tenants respecting non-elderly housing proposed to be developed by CHA without the consent or participation of the Receiver.

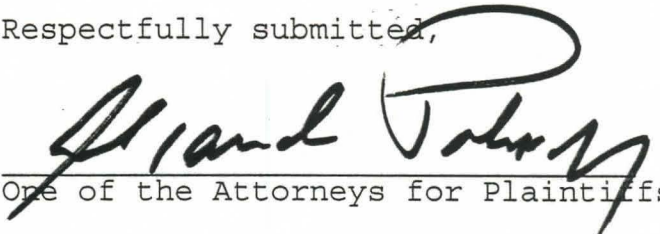
- (3) Entering into negotiations with others, and taking numerous other preliminary steps (including, without limitation, hiring of architects and others, and submission to the Chicago Plan Commission of proposals) respecting non-elderly housing proposed to be developed by CHA without the consent or participation of the Receiver.
- (4) Making applications for funding for non-elderly housing proposed to be developed by CHA without the participation or consent of the Receiver.
- (5) Making plans for the development of non-elderly housing in areas that violate the locational requirements in this Court's orders.
- (6) Refusing to provide information to the Receiver respecting CHA-initiated non-elderly housing development activities.
- (7) Threatening retaliation against the Receiver if the Receiver did not agree to give up responsibility for new non-elderly housing development to the CHA.

As stated in the Receiver's March 13 letter to the Court, *the Receiver cannot perform its Court-ordered responsibilities effectively and expeditiously if these frustrations of commission and omission are not remedied.*

Conclusion

Accordingly, plaintiffs respectfully request that the Court enter the proposed order attached hereto.

Respectfully submitted,


One of the Attorneys for Plaintiffs

March 18, 1998

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Julie Elena Brown
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No. 66 C 1459

Chief Judge Aspen

DECLARATION OF DANIEL E. LEVIN

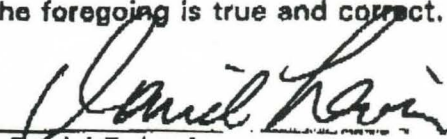
Daniel E. Levin, being duly sworn upon oath, states.

1. I am the Chairman of The Habitat Company.
2. On August 14, 1987, this Court appointed me and The Habitat Company jointly as Receiver for the Chicago Housing Authority for certain housing development activities.
3. As part of my responsibilities as Receiver, I attended a meeting on March 10, 1998 at the CHA's office with Joseph Shuldiner and Richard Monocchio of the CHA, Janet Elson of HUD, and Valerie Jarrett of Habitat.
4. Based on a series of events culminating in the March 10 meeting, I sent a letter to the Court on March 13, 1998. A copy of the letter is attached as Exhibit A hereto.

5. The statements contained in the March 13, 1998 letter and herein are true of my own personal knowledge, except that some of the statements in the March 13 letter concerning background events preceding the March 10, 1998 meeting were based on information from employees at The Habitat Company who I supervise in my role as Receiver and which I believe to be accurate. I would so testify if called as a witness.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on March 17, 1998:


Daniel E. Levin



THE HABITAT COMPANY

March 13, 1998

BY MESSENGER

Hon. Marvin Aspen
United States District Court
Room 2548
Dirksen Federal Building
219 South Dearborn Street
Chicago, Illinois 60604

Re: Gautreaux v. CHA, No. 66 C 1459

Dear Chief Judge Aspen:

In my role as Receiver, I am writing to request instructions. This request follows a meeting I had with the CHA and HUD on Tuesday, March 10, and the problems that I have encountered and foresee continuing in fulfilling my role as Receiver.

I had requested the meeting with the CHA and HUD to discuss implementation of your Order of February 23, 1998 relating to CHA housing funded under the HOPE VI program. The CHA's positions, as described in that meeting, have led me to conclude that I need direction from the Court.

Your February 23 Order stated that HOPE VI funds are within the Gautreaux case, a matter that had been disputed by the CHA. Therefore, after I received your February 23 Order, I asked Lewis Nixon, the Acting Secretary's Representative in Chicago for HUD, and Joseph Shuldiner, the CHA's Executive Director, to meet with me to discuss what I hoped would be a cooperative approach to new housing to be built with HOPE VI funds. (Your August 14, 1987 Order appointing me and The Habitat Company assigned to the Receiver responsibility for the CHA's non-elderly housing development programs, including all such programs "which may in the future be authorized by HUD" during the pendency of the Gautreaux action, p.2 §(c). Housing to be built with HOPE VI funding clearly appears to be within your Order.)

The meeting was scheduled for March 10, 1998, at Mr. Shuldiner's office. Because Mr. Nixon was unavailable, Janet Elson attended for HUD. Valerie Jarrett accompanied me; Richard Monocchio accompanied Mr. Shuldiner.

At the meeting, Mr. Shuldiner stated that he did not agree with your February 23 Order, that he opposed the Receivership, and that he disagreed with the requirements of various Court Orders mandating housing to be located so as to further desegregation goals. He also stated that the CHA intended to proceed with its own programs for development of new housing without the Receiver, and invited us to "try to stop him." He made it clear that no cooperation would be forthcoming, and that if the Receiver opposed him, he would join tenants in pressing claims against us.

EXHIBIT A

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Because of the extraordinary nature of the statements made, and their implications for my ability to carry out my responsibilities as Receiver, I feel it is necessary to set out in some detail what was said.

* * * * *

I began the meeting by expressing my desire to work cooperatively to implement your February 23 Order. Ms. Elson also expressed her desire that we work together.

Mr. Shuldiner said that he reads the February 23 Order as dealing only with the location for HOPE VI housing, and not as a statement that HOPE VI-funded housing is within the Gautreaux judgment for all purposes. He added that he does not agree that the Court-ordered Gautreaux locational requirements (such as one-for-one construction of housing in limited and general areas, the designation of revitalizing areas, etc.) should limit the CHA's ability to place new housing units wherever it chooses.

I pointed out the language of your February 23 Order, which states: "We hold that the judgment order governs the CHA's use of HOPE VI funds." Mr. Shuldiner said he didn't agree with that language. He repeated that your Order dealt only with location and, despite the language, that it had no other effect on HOPE VI housing, and had nothing to do with the Receiver's authority. In addition, Mr. Shuldiner said that he was considering appealing your Order, and that if he did not appeal, he would attempt to get rid of the Receiver, because he couldn't accept the consequences of the Receivership.

I suggested that we ask to discuss this issue with the Court, to determine what your February 23 Order meant, if there were any doubt. Mr. Shuldiner repeated that HOPE VI funding began long after Gautreaux and shouldn't be governed by it. I said that it was the CHA's responsibility under the Order appointing the Receiver to cooperate with us.

Mr. Shuldiner repeatedly expressed at length and in detail his anger at Mr. Polikoff, plaintiff's counsel. He asked if Mr. Polikoff is "going to control our life." He said there are over 3,000 housing units to be constructed at a cost of over \$300 million. He asked if we really expected that the Receiver was going to oversee the development of all this housing. If that is the Receiver's view, he stated, the CHA will ask the Court to eliminate the Receivership or provide that there be more than one party building the new housing.

I told Mr. Shuldiner that we were not seeking to function as a "dictator" of CHA development, wanted to work with him and the CHA, and understood the competing needs and pressures with which the CHA must work, of which desegregation was the paramount priority, but not the only

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concern. If there is \$300 million of new housing to be built, it might make sense to bring in others to help (under the Receiver's supervision), especially if it is to be built in a short period of time. I suggested that we should all work together to resolve problems and make new housing available as quickly as possible.

We also discussed a series of meetings that occurred between the Receiver and the CHA after we met with you last summer. (As you will recall, following the Receiver's filing of an Emergency Motion in late May 1997, you suggested that the parties attempt to resolve their differences, which included the question of whether the Receiver or the CHA had authority over HOPE VI funding when used for new family housing development. During those discussions, the CHA expressed its opposition to the Receiver carrying out HOPE VI housing development, and we discussed the possibility of requesting the Court's agreement to permit the CHA to conduct certain non-elderly housing development on a demonstration basis, in order to see if the CHA had adequate development capability. At that point, there were fundamental differences between the Receiver, the CHA, and the Gautreaux plaintiffs concerning the CHA's desire to end oversight by the Receiver and the Court of new housing development by the CHA. When the CHA filed its motion seeking a determination that HOPE VI funding was not within the Gautreaux decree, the Receiver informed the CHA that the discussions were pointless since the Court would be resolving the dispute over the scope of the authority.)

In our March 10 meeting, Mr. Shuldiner said that if the Receiver did not agree that the CHA would assume future housing development responsibility for projects not already specifically allocated to the Receiver, he would "fight" and would oppose the Receiver in all respects. In particular, he said he would support a potential claim by the plaintiff class in the Horner case for damages against the Receiver if we did not agree to his demand. (As you know, the Receiver is building housing in the Horner case under the supervision of Judge Zagel, because of separate litigation ended by a consent decree. Late in 1996, an issue arose in that case as to whether the Receiver was falling behind schedule, and whether residents should receive damages if we were. Judge Zagel ruled that the issue was premature, and that he would address it when and if he had to. He directed that we provide liquidated damage provisions for delay in future contracts with contractors building Horner housing, to serve as a possible source to fund such damages, and we have done so.)

At our March 10 meeting, we also discussed certain issues relating to the cost of housing built by the Receiver. Mr. Shuldiner said that the CHA's signature is required by HUD procedures on certain Annual Contribution Contract ("ACC") forms to provide funding for disbursements to be made to the Receiver. He said that if the CHA's signature is required, the CHA will withhold its approval unless the Receiver satisfies the CHA with extensive backup material and data to the same extent as the CHA is required by HUD to satisfy HUD for its funding. Mr. Shuldiner thought it was unfair that HUD trusted the Receiver, and did not require as much detail as it requires from CHA.

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(This is the first time Mr. Shuldiner has told us of that position, although over \$7.69 million is now held up by his refusal to execute the ACC amendments. The funds being held up are affecting our funding of new developments in several communities, including at Horner and Lawndale.) Mr. Shuldiner expressed resentment that HUD does not treat the CHA on the same basis that it treats the Receiver, because HUD accepts certain requests from the Receiver without elaboration, while requiring additional justification from the CHA. Mr. Shuldiner complained that HUD is a rubber-stamp for the Receiver, but applied a far more rigorous standard to the CHA.

Mr. Shuldiner expressed great hostility and distrust towards HUD's Chicago office. He also stated that he had taken steps to have a HUD employee removed from his responsibilities because that employee had cooperated with the Receiver. (We received copies of e-mails between Mr. Shuldiner and this employee, where Mr. Shuldiner berated the employee for even raising the possibility that the Receiver may have responsibility for HOPE VI funding following your February 23 Order.)

Mr. Shuldiner also said that the CHA intended to proceed to build new family housing at the Darrow Homes (in a limited area surrounded by other public housing), and anywhere else the CHA felt was appropriate. Mr. Shuldiner added that if anyone wants to stop the CHA, they are going to have to sue. He said that Darrow will be the test case and that it was always understood that CHA, and not the Receiver, would build the new housing for Darrow. He said that if the CHA loses on Darrow, it will appeal.

(There had been discussions among Mr. Polikoff, the Receiver, and the CHA about allowing CHA to build 38 units of new housing at Darrow as a demonstration project. As is discussed below, no agreement has been reached for the CHA to build that housing -- or a greatly expanded project it recently submitted to the City's Planning Commission without the Receiver's knowledge. At our March 10 meeting, Ms. Elson noted that Vincent Lane, when he was CHA Chair, had tried to prove the CHA's development capacity by developing 350 units as a demonstration program. When the CHA was unable to develop even one unit after 3½ years, the Receiver assumed responsibility in a joint venture with CMHDC, an arm of the CHA.)

Mr. Shuldiner said that the "whole revitalizing area concept is ridiculous." He said that the CHA should be able to house people wherever it can house them. CHA residents at Robert Taylor Homes, he stated, have to be housed. Mr. Shuldiner asked if we wanted to go deal with the gangs at Taylor, as he has to do.

Mr. Shuldiner said that Mr. Polikoff is "with the unborn residents, and future generations." Mr. Shuldiner said that "we [the CHA] throw in our lot with the current residents." (In context, it was clear that he was saying that he wanted to provide new housing for residents wherever possible,

regardless of the locational requirements based on the desegregation provisions of the Gautreaux judgments.)

Mr. Shuldiner said that the CHA doesn't need the Receiver to lease housing. He said again that if the CHA goes back to court it will ask the Court to get rid of the Receiver.

Mr. Shuldiner raised the question of how much money Habitat was making from its role as Receiver. Richard Monocchio asked about the pass-through of costs incurred by the Receiver, expressed the view that many developers hide profits in such costs, and implied that we were doing the same thing. I said we didn't make a penny of profit on out-of-pocket costs. (The Receiver is entitled to a fee of 2% on turnkey and 3% on conventional developments, under the August 14, 1987 Order. The fee is not based on all costs, but on certain construction-related costs. My time and other executives' time is not billed. Administrative costs represent an average of 4 to 4½% of project costs, and are approved by HUD. They are a pass-through of our expenses, without mark-up.)

I said that the CHA acts as if it doesn't trust us and doesn't believe I'm telling the truth. I added that if all we wanted was money we would do as little as we could and get out. Mr. Monocchio said he knows we aren't doing that. We also discussed Habitat's fees for leased units.

I repeated that it might be well to ask for a meeting with you. I also said we would talk to HUD about our views, and that the very poor relationship between the Receiver and the CHA wasn't serving the people who need housing. Mr. Shuldiner said he had to consult with his lawyers before agreeing to a meeting with you.

Ms. Jarrett said that it was unfortunate Mr. Shuldiner felt the way he did, since we had a common purpose. She said that Mr. Shuldiner was telling us that the Court's February 23 Order was meaningless, we are dishonest, and that the CHA would like to get rid of us.

I told Mr. Shuldiner that I was proposing to make a cooperative arrangement with the CHA, but the CHA must acknowledge that the Court's February 23 Order has some meaning, and that the CHA must acknowledge its obligation to plan and consult with the Receiver. I said at least five times that I was willing to try to work with him to solve problems. I emphasized that I was not seeking to sit in his chair, and was not trying to make all of the decisions.

Near the end of the meeting, Mr. Shuldiner told me that he had offered to residents at Cabrini-Green a development partnership interest. He will build replacement housing with them, and without the Receiver. He made it clear that he is going to continue to make plans with the residents at Cabrini-Green, and that we could only "try to stop him."

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* * * * *

The statements made by Mr. Shuldiner at the March 10 meeting are the latest developments in a difficult relationship between the Receiver and the CHA over at least the past year. I will briefly discuss the relevant background.

Your August 14, 1987, Order appointed me and The Habitat Company as Receiver, with responsibility for new housing development. Your Order gave the Receiver authority to develop "all CHA non-elderly public housing development programs . . . authorized by HUD during the pendency of" this litigation. August 14, 1987 Order at 2, ¶(C).

The HOPE VI program was created by HUD annual appropriation statutes in fiscal year 1993 and each fiscal year since. Substantial funding has already been allocated (and additional sums may be allocated in the future) to the CHA for the purpose of developing new non-elderly public housing. HUD has determined that the Receiver, and not the CHA, is responsible for new non-elderly housing development with HOPE VI funds. (See Lewis Nixon's July 29, 1997 memo attached to the December 19, 1997 Statement we filed with the Court.)

The February 23, 1997 Order (at 5) held that the Gautreaux Judgment Order "governs the CHA's use of HOPE VI funds."

Despite the Court's Orders and the statutory background, prior to our meeting on March 10 the CHA has made intermittent objections to the Receiver exercising authority over non-elderly housing construction funded by HOPE VI, as well as filing the motion that led to your February 23 Order.

Much of the factual history is described in the Statement we filed on December 19, 1997, commenting on the CHA's Motion. Following the 1995 takeover of HUD by the CHA, the Receiver worked hard to cooperate with the new CHA management led by Mr. Shuldiner, and tried to avoid bringing a dispute to Court concerning the Receiver's authority. The "development manager" concept was created so that the Receiver could administer HOPE VI funds in cooperation with the CHA, without a dispute over the Receiver's role.

The CHA, however, revoked the earlier written confirmation from its then Chairman, Edwin Eisendrath, that the Receiver would function as development manager at Cabrini-Green, and did not include the Receiver in the HOPE VI applications for Taylor and ABLA II.

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Disputes between the CHA and the Receiver escalated during 1997. Many of the disputes concerned the Horner development. As you will recall, the Receiver filed an Emergency Motion seeking instructions, describing our view, among other things, that the CHA was failing promptly to fill completed units at Horner. The CHA objected, and made charges against the Receiver. Judge Zagel resolved certain matters relating to Horner.

You scheduled a conference in chambers in July 1997, and observed that the Emergency Motion seemed to betray greater difficulties in the relations among the parties. You urged the parties to negotiate their differences.

The Receiver scheduled a series of meetings with Mr. Shuldiner, his counsel, and other CHA representatives. Among the issues discussed were the Receiver's desire to assume its responsibilities for HOPE VI funded non-elderly housing development, and the CHA's opposition to any role for the Receiver.

The parties discussed the possibility of entering into an agreement as discussed above. Before a final agreement was reached, the CHA decided to file the motion that led to the February 23 Order, seeking a determination that HOPE VI housing was outside the scope of the Gautreaux judgments.

* * * * *

The CHA's position has complicated and will, if adhered to, further complicate and impede the Receiver's actions -- and in many cases the desegregation goals of the Gautreaux Orders -- in a number of ways.

(a) Robert Taylor Homes. The Receiver understands that the CHA applied in 1996 for HOPE VI funds for Taylor. Press reports indicate \$25 million was awarded.

The Receiver was not aware of the application at the time it was made. The Receiver does not know what portion of the funding is for new non-elderly housing construction development, but we are aware of the CHA's attempt to enter into long-term leases in the limited area without approval of a revitalizing designation. (The use of long-term leases for public housing was considered by the Receiver before it was mentioned by the CHA. The leasing concept is based on a HUD memo that HUD development funds could be used for long-term leases as a form of expanding the supply of new public housing.)

Mr. Shuldiner indicated that the CHA intends to demolish all of Taylor. Mr. Shuldiner's comments reflect that he (and/or his staff) had extended discussions with tenants, and possibly with others, in the area relating to replacement housing.

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We do not know if those discussions have ripened to commitments, since the CHA has not shared any of this information with us or involved us in any way in its planning. If replacement housing units are developed, it appears likely that they would fall within the language of the August 14, 1987 Order. If the Receiver is to take any action to construct new housing for residents of Robert Taylor, it is important that we immediately be made aware of the status of HOPE VI (and other) funding, and all prior communications with the City, tenants, and others. It is also important that we discuss how such housing will be built consistent with the desegregation obligations of the CHA under the 1969 Judgment Order in this case.

(b) Darrow. Mr. Polikoff, the Receiver, and the CHA had a series of discussions concerning the possibility of the CHA creating a housing demonstration project at Darrow. Several years ago, the CHA received \$8.5 million from HUD under either the modernization or Comprehensive Grant program to rehabilitate a building at Darrow. The CHA spent about \$500,000 on architectural plans. It then learned that the cost of rehab exceeded the funds available, and demolished the building, after agreeing (without court permission or consultation with us) with the tenants that it would build replacement housing on site.

The funds available allow for approximately 80 replacement units. Mr. Polikoff and the Receiver discussed with the CHA that if the Receiver did not need to use 38 units built in Rogers Park to offset units the Receiver was building in Woodlawn (on the 1-for-1 formula provided by the Judgment Order, as amended), then the CHA could use the 38 units on a one-for-one basis to build 38 units at Darrow without a court waiver of the Gautreaux locational requirements. The CHA also considered seeking permission to build an additional 40 units (approximately) on site. No agreement was reached.

We next heard about the CHA's plans for this development by chance, when Valerie Jarrett of Habitat attended a Chicago Plan Commission Meeting in February 1998, where a formal proposal was scheduled to be presented by Andrew Rodriguez for the CHA for a 105-unit project at Darrow that we (and plaintiffs' counsel) knew nothing about. After the Receiver objected, the matter was deferred.

As noted above, Mr. Shuldiner said in our March 10, 1998 meeting that he intends to proceed with the Darrow project, and that the Receiver (or anyone else) would have to take legal action to stop him. Mr. Shuldiner's plans appear to conflict with the Court's August 14, 1987 Order.

(c) Cabrini-Green. A November 14, 1995 letter from Edwin Eisendrath confirms that Habitat would act as development manager for the Cabrini project, including HOPE VI, in its role as Receiver. But as discussed in our December 19, 1997 Statement filed with the Court, the CHA subsequently vacillated among involving the Receiver in the redevelopment of this project,

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abandoning the Receiver, and pursuing the project on its own, and reinvolving the Receiver in the leasing of 44 units at Mohawk North and Old Town Square.

Since 1993, no units have been produced by the CHA. In addition, the Receiver has 190 units of Gautreaux funding authorized for use in this area. It has been blocked from using any of these units because of lack of a comprehensive plan, from which the CHA has largely excluded us. There has also been a separate lawsuit brought by Cabrini tenants against the CHA.

Until the March 10 meeting, we had understood that nothing had been resolved at Cabrini. At the March 10 meeting, we learned for the first time that Mr. Shuldiner has made some kind of promise to residents that they would be partners with development entities to be created by them and the CHA. It was clear from Mr. Shuldiner's comments that his arrangement with the tenants does not include a role for the Receiver. Any promises made by Mr. Shuldiner could jeopardize our ability to comply with the Gautreaux Orders, and would be contrary to our responsibilities under the August 14, 1987 Order appointing us.

(d) Horner. Judge Zagel is supervising the construction of replacement housing at Horner, which is occurring under a consent decree in separate litigation. You have received copies of reports on the status of construction there. (We are proud to say our construction recently won a national award.)

As discussed above, an issue arose in that case as to whether the Receiver was falling behind schedule, and whether residents should receive damages if we were. Judge Zagel ruled that the issue was premature, and that he would address it when and if he had to. He provided that we should require contractors to provide liquidated damages for delay in future contracts with contractors building Horner housing.

At the March 10 meeting, Mr. Shuldiner stated that if we oppose him on the HOPE VI issue, he will encourage Horner residents to seek damages from the Receiver. We are concerned that this threat reflects an attitude of hostility under which it will be more difficult to work.

(e) ABLA and Horner II. These development efforts are complicated by the existence of the Horner lawsuit, and the need to coordinate plans with tenants, neighbors, local elected officials, and the court supervising the Horner reconstruction process. Developing procedures to implement the desegregation objectives of Gautreaux, while building replacement housing, presents difficult issues. In view of Mr. Shuldiner's statements we are concerned that necessary cooperation will not be provided by CHA.

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(f) Scattered site housing. We continue to build scattered-site housing in the General Area and, as recently as this week, closed on two additional buildings. In a letter of March 6, sent by Mr. Shuldiner to me shortly before our March 10 meeting, he made a number of complaints about our work as Receiver. We do not see the need to respond in detail at this time to Mr. Shuldiner's views, although we are prepared to do so. We do want to note our concern that Mr. Shuldiner apparently doesn't agree with the Court's determination that revitalizing areas are a step towards desegregation, even though CHA has repeatedly agreed to court orders to that effect.

(g) Funding. At the March 10 Meeting, Mr. Shuldiner said he would withhold approval for \$7.69 million in funding for the Receiver. We believe we have met all of the requirements for the funding. HUD has approved it, and sent it to CHA for final signature. No CHA signature is required under the August 14, 1987 Order. Therefore, those funds should be transferred. Without the transfer, the progress of our program will be severely impeded. We are already overdue on bills awaiting the funding.

(h) Information. CHA has not provided us with information concerning its HOPE VI and other new non-elderly housing development plans. We do not know the scope of other planned non-elderly housing development that CHA has considered, or may even have authorized. We do not know to what Mr. Shuldiner was referring when he discussed 3,000 units of housing costing \$300 million.

In addition, after the filing of our Emergency Motion in May 1997, the CHA directed the managers of its scattered site housing not to provide information directly to us, and that prohibition remains in effect. That is contrary to the cooperation requirement in the August 14, 1987 Order. Information concerning the occupancy of the scattered site units is necessary, among other reasons, to trigger the cutoff of certain payments from the development budget we administer.

We were told that the reason for the prohibition was our filing of the Emergency Motion against the CHA. Since we were a litigant, the CHA would not allow us access to their agents without going through counsel. We were advised that all requests for information must proceed through counsel.

* * * * *

We recognize that it is not our role to determine the scope or duration of our responsibility as Receiver. It is our responsibility, however, to advise you that our ability to act effectively is being impaired.

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We accepted the position of Receiver to be a developer of housing, not to be a policeman over the CHA, and certainly not to be a litigant with the CHA over all housing-related decisions. Unfortunately, the CHA's conduct has frequently forced us to involve our counsel in litigation-type activity, at the expense of focusing on housing development.

The CHA's frequent adversarial attitude to the relationship with the Receiver clearly impedes the development of new housing urgently needed by CHA residents.

The Receiver would like to develop new housing in a cooperative manner with the CHA. We would like to respond to CHA needs, while also meeting the desegregation objectives of Gautreaux. A working relationship has to develop between the CHA and the Receiver. The CHA should share its needs and ideas with the Receiver in advance of making commitments. It should meet on an ongoing basis to try to develop solutions for the benefit of residents. That has not been happening.

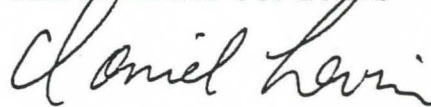
I had held off asking for the Court's directions, in the hope that we could work through the process with the CHA and reach pragmatic solutions that respected our responsibilities as Receiver while not offending the CHA. Based on the most recent meeting with Mr. Shuldiner, I believe that there is no prospect of a solution being developed without Court intervention. Our effectiveness as Receiver is clearly impaired by the problems posed by the CHA's actions and attitudes.

We appreciate the responsibility you have given us as your Receiver. We also appreciate and support the important goals to be accomplished by implementation of the Court's Orders in this litigation. It is a privilege to perform this public service.

We reiterate our willingness to operate in a cooperative fashion with the CHA.

We need your assistance and directions in carrying out the tasks you have entrusted to us.

Respectfully,
THE HABITAT COMPANY

A handwritten signature in cursive script, reading "Daniel E. Levin".

Daniel E. Levin

Hon. Marvin Aspen
March 13, 1998
Page 12

cc: Jerome Butler/Susan Getzendanner
Valerie Jarrett
John Jensen/Linda Wawzewski
Lewis Nixon/Janet Elson
Alexander Polikoff/Julie Brown
Michael L. Shakman
Joseph Shuldiner/Karen Newton

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

DOROTHY GAUTREAUX, at al.,	)	
	)	
	)	
Plaintiffs,	)	
	)	
	)	
v.	)	66 C 1459
	)	
CHICAGO HOUSING AUTHORITY,	)	
	)	
Defendant.	)	

AFFIDAVIT OF PHILIP A. HICKMAN

Philip A. Hickman, having first been sworn upon oath states:

1. I am the Senior Vice President of The Habitat Company. Since December 1987 I have had primary day-to-day responsibility for the scattered site program conducted by Daniel E. Levin and The Habitat Company, as receiver for the Chicago Housing Authority ("Receiver"), under the Court's Order of August 14, 1987 in this lawsuit (the "Receivership Order"). Under the Receivership Order the Receiver is given responsibility for all aspects of the development of non-elderly housing for CHA tenants ("Housing Development Activities").

2. In my capacity described above I have participated in hundreds of meetings and telephone conversations with representative of the Chicago Housing Authority ("CHA"), the United States Department of Housing and Urban Development ("HUD"), the City of Chicago, private developers, contractors, CHA tenants,

representatives of CHA tenants organizations, elect officials, neighborhood residents and others concerning the housing development activities of the Receiver under the Receivership Order and concerning the activities of the CHA.

3. I am aware from my own personal knowledge of a pattern of activity by the CHA whereby it has failed to cooperate with the Receiver, and has sought to assume and carry out Housing Development Activities that are the responsibility of the Receiver under the Receivership Order. Several examples are described in this affidavit.

4. The CHA has failed to provide approvals to the United States Department of Housing and Urban Development ("HUD") needed to cause HUD to release funds to the Receiver for the construction of housing. As a result, more than \$7.6 million in funds needed by the Receiver for Development Activities have been withheld. On March 13, 1998 I wrote a letter to Deborah Torres of HUD describing the CHA's actions, the funds being held up as a result and requesting that HUD release the funds as required by the Receivership Order. A copy of that letter is attached hereto as Exhibit A.

5. The CHA has initiated and pursued Housing Development Activities that are the responsibility of the Receiver, including initiating development plans for replacement housing for the Cabrini-Green housing development, for the Darrow Homes development, and for the Robert Taylor Homes development. The CHA has

undertaken such activities without prior consultation with and/or approval by the Receiver.

6. In the case of the Cabrini-Green housing development the CHA initially indicated that it would work with the Receiver in the capacity of a development manager. Thereafter, the CHA reversed its position and excluded the Receiver from its planning and development activities, which it has pursued directly with the City of Chicago and the tenants over the past one and one-half years.

7. In the case of the Darrow Homes development, the CHA's independent planning of new housing construction and commitments to tenants are described in a February 11, 1998 Chicago Plan Commission document attached hereto as Exhibit B. That document describes the CHA's proposal to the Chicago Plan Commission, seeking approval of a planned unit development for the construction of 105 units of housing at the Darrow development. That proposal was submitted without prior consultation with or approval by the Receiver.

8. In the case of the Robert Taylor Homes development, my information is based upon Mr. Levin's letter to Judge Aspen of March 13, 1998 and upon a conversation I had with a property owner in the limited area who had been approached by the CHA to provide replacement housing for residents of Robert Taylor homes using HOPE VI development funds. I subsequently confirmed these plans with a representative of the CHA.

9. The CHA has informed us that it has plans to rebuild substantial portions of the ABLA development, and has solicited the City's participation in planning efforts related to such development. In 1997 CHA submitted a HOPE VI application to HUD that HUD did not fund. CHA has not invited the Receiver to participate, or kept the Receiver advised of its plans. Indeed, the CHA specifically advised the Receiver that it did not want the Receiver to work on any portion of ABLA other than the Brooks extension, where the Receiver was already acting as development manager.

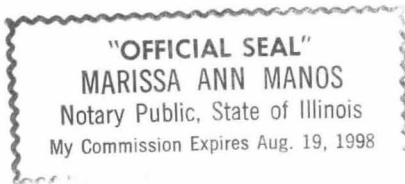
10. As a result of the activities of the CHA as summarized above, the Receiver's ability to carry out the Housing Development Activities assigned to the Receiver has been impaired. When the CHA initiates its own development activities it generates confusion among public agencies, CHA residents, developers, lenders, elected officials, community-based organizations, and neighborhood residents concerning the development of new housing that is the responsibility of the Receiver, and makes the Receivers' work much more difficult.

11. The foregoing matters are based upon my own personal knowledge except where another source is noted above, and in those instances I believe the information to be true and correct. I would so testify if called as a witness.

Philip A. Hickman
Philip A. Hickman

Subscribed and sworn to
before me this 18th day of
March, 1998.

Marissa Ann Manos
Notary Public





THE HABITAT COMPANY

March 13, 1998

Ms. Deborah Torres
Director, Public Housing
U.S. Department of Housing and
Urban Development
77 West Jackson Blvd.
Chicago, Illinois 60604

Re: **Funding**
CHA Receiver's Development Programs
Chicago, Illinois

Dear Ms. Torres:

At our quarterly HUD/Habitat staff meeting on March 4, 1998, we discussed the fact that CHA has refused to sign the ACC amendments as approved by HUD. At the meeting, Jan Elson reported that ACC's amendments have not been signed beginning some time in early December. There are currently seven ACC amendments which have not been funded due to the refusal by CHA to sign them. The total amount is \$7,690,593.

Since the Receivership started in 1987, there have been numerous ACC amendments approved by HUD and routinely forwarded to CHA for signature. This practice had been in place until December 1, 1997 at which time Edwin Eisendrath resigned as the Secretary's Representative.

The lack of timely and adequate funding by HUD impacts our ability to implement the federal Court Order of August 14, 1987. A copy of the Court Order is attached for your information.

Paragraph 7 of the August 14, 1987 Court Order states that:

"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 here under..."

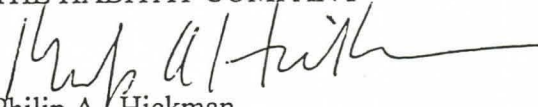
It is HUD's responsibility to fund the program and HUD has approved of the transfer of these funds. As a result, we respectfully request that HUD proceed to transfer the approved funds from Program 117 into the appropriate programs with or without CHA concurrence.

EXHIBIT A

We look forward to a prompt and timely response to this request. Meanwhile, if you have any questions, please do not hesitate to contact me.

Sincerely,

THE HABITAT COMPANY



Philip A. Hickman
Senior Vice President

PAH/nlw

cc: Daniel Levin
Douglas R. Woodworth
Valerie Jarrett
Alexander Polikoff, Esq.
Michael Shakman, Esq.
Barry Miller, Esq.
Louis Berra
Jan Elson, Esq.
Joseph Shuldiner

J:\PHIL\CORRESP\HUD\DTORRES.FDG

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)

O R D E R

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

FINAL

**REPORT
to the
CHICAGO PLAN COMMISSION
PETER C.B. BYNOE, CHAIRMAN
from
CHRISTOPHER R. HILL, COMMISSIONER
DEPARTMENT OF PLANNING AND DEVELOPMENT**

February 11, 1998

AGENDA ITEM NO.: 26

FOR APPROVAL: PROPOSED RESIDENTIAL PLANNED DEVELOPMENT

APPLICANT: CHICAGO HOUSING AUTHORITY

**LOCATION: EAST PERSHING ROAD AND SOUTH LANGLEY AVENUE
(CLARENCE DARROW HOMES)**

Pursuant to the provisions of the Chicago Zoning Ordinance, Title 17 of the Municipal Code of Chicago, the Department of Planning and Development hereby submits this report and recommendation on a proposed Residential Planned Development for your review and recommendation to the Chicago City Council.

The application for this amendment to the Chicago Zoning Ordinance was introduced into the Chicago City Council on October 1, 1997 and notice of this public hearing was published in the Chicago Sun-Times on October 29, 1997. The Applicant was separately notified of this hearing.

The Applicant, the Chicago Housing Authority, proposes to demolish two remaining 14-story high rise buildings in the Clarence Darrow Homes complex in the Douglas community area on the south side of the City and construct 105 new mixed-income housing units. (Two of the four original 1961 high-rise structures have already been demolished.) The approximately 4.7 acre (204,250 square foot) site is currently zoned R5 General Residence District (2.2 FAR). This project is being processed as a required Planned Development due to the size of the site.

The proposed new residential development would replace obsolete high-rise structures that originally contained a total of 480 units with low-density housing that is more appropriate for families with children. The new construction would blend in with the

scale of the nearby Ida B. Wells and Wells Extension housing developments. The proposed development is in an area that is experiencing significant levels of new residential construction and rehabilitation of existing buildings, particularly in the historic "Gap" neighborhood to the north and in the Oakland community area to the south. An elementary school and community center bound the project to the east, and a park is proposed for the vacant land across Pershing Road to the south of the property.

The redevelopment of the site (rather than the rehabilitation of the original four high-rises) came at the instigation of the Resident Management Corporation (RMC) for the Darrow Homes, when it became apparent that the funds available for renovation would not be sufficient to meet the remodeling needs. Residents were given several options for relocation, with 57 families choosing to relocate in the new housing upon completion. The new development would consist of a mix of two-story townhomes and three-story flats, with yards, generous and well-defined common open space areas and pathways, and on-street parking spaces along a series of internal streets. Sidewalks would be curb-attached with landscaped setback areas and decorative metal fencing along 38th Street, Langley Avenue, and Pershing Road. In addition, a management office with meeting rooms and a ten space parking lot would be located off of Pershing Road at the southeast corner of the site.

The Applicant has met on several occasions with Department staff as well as with Alderman Preckwinkle and community residents. These meetings have resulted in modifications to the original proposal which include reconfiguration of the site plan and modifications to the facades of the structures. These revisions and other minor modifications have been incorporated into the revised Planned Development marked "Revised: February 11, 1998."

After review of the proposal, the Department has concluded that the proposed Residential Planned Development would be compatible with the surrounding low-density neighborhood and would be an enormous improvement in current site conditions. The proposed number of units and maximum Floor Area Ratio of .71 would be consistent with low density R3 zoning. Parking would be provided at a rate of 1:1, which should be sufficient given that only 45% of the families who would be relocated to the new units own cars. The materials, setbacks, siting and scale of the townhouses and flats would be compatible with the character of the existing neighborhood. The rear yards, common open spaces and indoor meeting rooms would provide a variety of opportunities for children to play and for adults to socialize. Security would be provided by patrols from the nearby CHA police station, by a tenant patrol organization, and by the design of the housing, which promotes "eyes on the street" and resident control over private and common open spaces. The development would be managed by a private management firm.

The Department of Planning and Development has forwarded copies of this application

to other City agencies (including the Chicago Department of Transportation and the Fire Department) for their review and to date no objections have been received. Alderman Preckwinkle and the Darrow Homes RMC have expressed their support for this project.

RECOMMENDATION

Based on the foregoing, it is the Department's recommendation that the application for this proposed Residential Planned Development be approved and that the recommendation of the Chicago Plan Commission to the City Council Committee on Zoning be: "As Revised, Passage Recommended."

Christopher R. Hill
Commissioner

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

DOROTHY GAUTREAUX, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	66 C 1459
	)	
CHICAGO HOUSING AUTHORITY,	)	
	)	
Defendant.	)	

PROPOSED ORDER

This matter coming on to be heard on Plaintiffs' Motion for Further Relief, and the Court being cognizant that:

- (A) In its order of August 14, 1987 ("Receivership Order") the Court defined the "scattered site program" as including all CHA non-elderly public housing development programs which may in the future be authorized by HUD during the pendency of this action, and appointed Daniel Levin and The Habitat Company jointly as receiver ("Receiver") to develop and administer such scattered site program as effectively and expeditiously as possible in compliance with the Court's orders;
- (B) In the Receivership Order the Court also ordered that the Receiver should have and exercise all powers of CHA respecting the scattered site program necessary and incident to the development and administration of such program, and without limitation specified some of such

powers ("Housing Development Activities");

- (C) In the Receivership Order the Court further ordered that CHA, its agents, servants and employees, should provide full cooperation and assistance to and not interfere with the Receiver in the performance of the Receiver's responsibilities under the order, including without limitation providing full access to all information, records, documents, and files relating to the scattered site program; and
- (D) The Plaintiffs have filed a motion and supporting affidavits showing that, among other things:
 - (i) CHA has failed to recognize the Receiver's exclusive authority over Housing Development Activities;
 - (ii) CHA has failed to provide full cooperation and assistance to the Receiver, as required by the Receivership Order, including by failing to provide approvals to the United States Department of Housing and Urban Development ("HUD") needed to cause HUD to release funds to the Receiver for Housing Development Activities, as a result of which more than \$7 million in funds needed by the Receiver for such Activities has been withheld;
 - (iii) CHA has initiated and pursued Housing Development Activities that fall within the responsibility of the Receiver under the Receivership Order,

including without limitation at CHA's Cabrini-Green, Darrow and Robert Taylor Homes developments, and including the submission of a proposal to the Chicago Plan Commission for approval of a planned unit development for the construction of over 100 units of non-elderly housing at the Darrow development, all without prior consultation with or consent from the Receiver; and

- (iv) These and other activities of the CHA have impaired the Receiver's ability to carry out the Housing Development Activities assigned to the Receiver by the Receivership Order;

And the Court having heard the presentations of the parties with respect to the foregoing and being persuaded that it will aid in the achievement of the objectives of the Receivership Order and the Judgment Order in this case (304 F.Supp. 736) to further particularize the manner in which CHA's cooperation and assistance to the Receiver shall be provided:

NOW, THEREFORE, IT IS HEREBY ORDERED:

- (1) CHA, its officers, agents, servants, employees, attorneys, and persons in active concert or participation with them who receive actual notice of this order (collectively "CHA"), shall forthwith cease any and all activities incident to the development of non-elderly public housing ("Housing Development

Activities" as defined in paragraph B hereof), including without limitation entering into negotiations, making commitments to tenants or others, or seeking financing or other approvals with respect thereto.

- (2) Within 14 days from the date hereof CHA shall provide the Receiver with full information in writing and all documents relating to Housing Development Activities in which CHA has engaged since May 26, 1995.
- (3) Whenever from time to time requested by the Receiver CHA shall make any of its agents, servants and employees available at reasonable times and upon reasonable notice to meet with the Receiver for the purpose of responding fully to all questions concerning Housing Development Activities asked of such agents, servants or employees.
- (4) CHA shall forthwith execute all documents as requested by the Receiver or the Department of Housing and Urban Development ("HUD") which may be necessary or appropriate to transfer or assist in the transfer to the authority of the Receiver all funding or accounts for Housing Development Activities as to which CHA may now or in the future have any claim of authority, and subject to normal HUD requirements shall cooperate fully with the Receiver and HUD in effecting such transfer(s).

- (5) CHA shall make no application for funding capable of being used for Housing Development Activities without the express written consent of the Receiver, and shall advise and consult with the Receiver respecting the availability or potential availability of any such funding promptly upon learning thereof.
- (6) Within 28 days from the date hereof CHA shall furnish the Receiver and plaintiffs' counsel with a written statement of CHA's plans for the vigorous pursuit of desegregation opportunities, and provide them with all relevant information and documents relating thereto, and to funds available to CHA (including HOPE VI funds) that are capable of being employed in that pursuit.
- (8) The Court retains jurisdiction of this matter for all purposes, including enforcement and the issuance, upon proper notice and motion, of orders modifying or supplementing the terms of this order.

Enter:

Judge

March __, 1998

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

DOROTHY GAUTREAUX, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	66 C 1459
	)	
CHICAGO HOUSING AUTHORITY,	)	Hon. Marvin E. Aspen
	)	
Defendant.	)	

N O T I C E

To: Attached Service List

PLEASE TAKE NOTICE that on Friday, March 20, 1998, at 9:30 a.m., we will appear before the Honorable Marvin E. Aspen, Chief Judge of the United States District Court in the courtroom usually occupied by him at 219 South Dearborn Street, Chicago, Illinois, and then and there present Plaintiffs' Motion for Further Relief, together with plaintiffs' memorandum in support thereof and proposed order, copies of which are attached hereto.


One of the Attorneys for Plaintiffs

March 18, 1998

Alexander Polikoff
Julie Elena Brown
BUSINESS AND PROFESSIONAL PEOPLE
FOR THE PUBLIC INTEREST
17 East Monroe Street - #212
Chicago, Illinois 60603
312/641-5570; fax: 312/641-5454

GAUTREAU SERVICE LIST

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Assistant U. S. Attorney and
Deputy Chief Civil Division
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John Jensen, Assoc. Regional Counsel
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Office of General Counsel
U. S. Department of Housing and Urban Development
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Washington, D. C. 20410
UPS Overnight Mail

Michael L. Shakman
Barry A. Miller
Miller, Shakman, Hamilton, Kurtzon & Schlifke
208 South LaSalle Street - #1100
Chicago, Illinois 60604
Personal Service

Daniel Levin
The Habitat Company
350 West Hubbard Street
Chicago, IL 60610
Personal Service

CERTIFICATE OF SERVICE

I, Alexander Polikoff, an attorney, certify that before 4:00 p.m. on March 18, 1998, I served copies of the foregoing notice, with motion, supporting memorandum and proposed order attached, by personal or facsimile service on the persons shown on the attached service list.


Alexander Polikoff