

focused on the role of the Receiver in HOPE VI new housing development to HUD/CHA:

8. There have been several meetings with Mr. Alexander Polikoff, Executive Director of Business and Professional People for the Public Interest, concerning placement of HOPE VI replacement housing into so-called "impacted" areas, including the Cabrini Extension site itself, and also about the role of the Court-appointed Receiver, i.e., The Habitat Company, in the planning and development of the replacement housing. It should be noted that 190 units of the total 660 replacement units were funded from non-HOPE VI allocations, and Habitat has the responsibility under their Court Order for planning and providing these dwellings. The questions raised by staff deal with the remaining 303 hard replacement units to be built with HOPE VI funds.

26. The July 12, 1995 memo also lists actions planned before the next CHA

Board Meeting, including:

4. Determine the role of the Court-appointed Receiver, if any, in the planning and development of the 303 hard replacement HOPE VI units.
5. Designate or initiate the process for selection of a Development Manger, and reach agreement on the process to be followed in assembling a development team.

27. As set forth in the separate Affidavit of Daniel Levin, Habitat agreed to be called "development manager" to perform its work as Receiver on new family housing developed with HOPE VI funds at Cabrini.

28. Beginning in June 1995, Habitat proceeded to work with the HUD-controlled CHA on the Cabrini-Green development. Habitat's work included land use planning, preparation of and issuance of a Request for Proposals, working with architects and planners, conducting meetings with prospective developers and

consultants, and coordinating meetings with City of Chicago officials and staff, residents, resident consultants, and community groups.

29. In 1995 and 1996, I and other Habitat personnel attended many meetings with CHA and HUD officials concerning the Cabrini-Green redevelopment.

30. During August and September 1995, we exchanged a number of drafts of the initial Request for Proposal ("RFP") with CHA officials, including Mr. Eisendrath and Robert Prescott. A copy of a Qualification Request for the RFP, published in the *Wall Street Journal* on September 8, 1995, is attached as Exhibit 4 hereto. The Qualification Request says that responses will be opened at Habitat's offices by "The Habitat Company, as Development Manager for the Chicago Housing Authority's Cabrini HOPE VI/Urban Revitalization Demonstration Program."

31. A copy of the Request for Proposals, issued as Step One and Step Two by Habitat as Development Manager, is attached as Exhibit 5 hereto.

32. Attached as Exhibit 6 is a copy of a September 12, 1995 memo from HUD/CHA. My recollection is that I received a copy from Mr. Prescott, who was the Cabrini project manager, on temporary assignment by HUD Washington to CHA. The memo identifies the following issues concerning the RFP at Cabrini:

Division of Responsibilities:

Currently the formal role of the Habitat Company (THC) has yet to be clearly defined, although on the request of HUD we were informed to include THC as the development manager for the Cabrini HOPE VI Urban Revitalization Demonstration Program.

33. Habitat thereafter requested and received a letter dated November 14, 1995, from Edwin Eisendrath, then HUD's Secretary's Representative in Chicago and Chair of the CHA, confirming the Receiver's authority to proceed to work on the Cabrini-Green HOPE VI development, as Development Manager. A copy of that letter is attached as Exhibit 7 hereto. The Eisendrath letter states:

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.

34. Habitat solicited and evaluated responses to the RFP. An example of Habitat's work on this matter is the attached list of issues for discussion with Mr. Shuldiner for October 18, 1995. A copy is attached as Exhibit 8.

35. Habitat and the new CHA staff worked together throughout late 1995 and the first half of 1996 on Cabrini planning. A November 30, 1995 memo from Eileen Rhodes of CHA to the Receiver, Mr. Eisendrath, Andrew Rodriguez of the CHA, and the lawyer for a Cabrini tenant group is attached as Exhibit 9. It shows the detailed nature of the CHA-Habitat cooperation, and CHA's working recognition of Habitat as development manager/Receiver for Cabrini.

36. Other examples of the CHA's recognition of Habitat's role are from press releases of December 21, 1995 and January 26, 1996, copies of which are attached as Exhibits 10 and 11. The latter discusses a joint press conference of the Receiver

and CHA Executive Director Joseph Shuldiner, concerning the Cabrini redevelopment. Habitat is identified in the press statements as "the development manager for CHA."

37. In a March 25, 1996 letter from Mr. Shuldiner to HUD Secretary Henry G. Cisneros, Mr. Shuldiner, CHA acknowledged Habitat's role for development at Cabrini -- and all new CHA housing development. A copy is attached as Exhibit 12. The letter stated:

[W]e . . . look upon the new construction replacement and scattered site units as our best opportunity to increase this stock [of handicapped accessible housing].

Further be assured that I have mentioned this need to the Habitat Company in the past. As you know, whether as receiver for our scattered site units, or as development manager for the replacement units at Cabrini, Horner, and the Lakefront, the Habitat Company administers our new construction efforts.

I will share with them your letter and your concern, and continue to work with them to maximize the percentage of the units built which can be both lived in and visited by persons with mobility impairments. [Emphasis added.]

38. Other examples of Habitat's work on the Cabrini redevelopment effort are a planning study dated June 7, 1996, and a marketing study by Tracy Cross & Assoc. A copy of the planning study is attached as Exhibit 13. This study was discussed at a June 11, 1996 meeting with the planning group, including HUD, the City, the Park District, the Board of Education, and the CHA, where Habitat acted as "Planning Group Coordinator." Following the meeting, on June 18, 1996, Valerie Jarrett sent a memo to the group enclosing a draft of important issues. A copy is attached as Exhibit 14 hereto. A copy of the marketing study is attached as Exhibit 15.

39. Habitat continued to work actively on the Cabrini redevelopment (including the HOPE VI portion) through the summer of 1996. This work included Matthew Nielson of our staff attending weekly meetings of a working group.

40. While Habitat was working on the HOPE VI Cabrini-Green development, we negotiated a Development Manager agreement with the CHA. A number of drafts of the development management agreement were exchanged. Copies of two of the drafts are attached as Exhibits 16 and 17 hereto.

41. No Development Manager agreement was executed, however. Alexander Polikoff, counsel for the Gautreaux plaintiffs, commented that The Habitat Company ought to expressly retain its authority as Receiver. Habitat agreed with his position, and before and after those comments, Habitat included such language in several drafts of the Development Management Agreement. The CHA's drafts removed the language.

42. A copy of a June 14, 1996 letter from Mr. Polikoff to Mr. Levin, with a copy to Mr. Shuldiner, emphasized the Receiver's authority over new replacement housing development with HOPE VI funds pursuant to the Receivership Order. A copy is attached as Exhibit 18 hereto. The letter commented on a CHA-provided draft Development Manager Agreement. After discussing the background, Mr. Polikoff wrote:

In light of our view that the Court-appointed Receiver is lodged with full and exclusive authority to develop public housing with HUD funds that are allocable to CHA, you can see why we have some trouble

with the draft Development Agreement. The draft proceeds from the assumption that CHA, not the Court, is conferring authority upon Habitat to develop public housing, and many of its provisions derive logically from this starting point. For example, the draft says Habitat shall develop the contemplated housing subject to CHA approval, that Habitat is engaged as an independent contractor, that Habitat may be terminated by CHA, etc. The agreement even suggests that the Receiver subject itself to the jurisdiction of another court. I do not criticize these provisions as inappropriate in a normal contract situation. It is just that they don't fit into this situation at all.

43. On August 30, 1996 I sent a letter to Richard Monocchio, Special Assistant to the Executive Director of the CHA, requesting payment for \$149,881 for our HOPE VI work at Cabrini. Attached to the letter were documents itemizing how the costs were incurred. On December 27, 1996, the CHA issued a check for the full \$149,881 previously requested by Habitat. The check says that it was "FEES FOR WORK ON THE: CABRINI-GREEN REDEVEL." (Copies of the relevant documents are attached as Exhibits 19 and 20 hereto).

44. On September 18, 1996, Mr. Shuldiner wrote Valerie Jarrett and asked Habitat to stop work on Cabrini-Green redevelopment, except for any work specifically agreed upon. A copy is attached as Exhibit 21. It states, in part:

It is becoming more evident that the City has assumed responsibility for coordinating the public and private sector partners and implementing this plan. As a result, the CHA's role at this point is limited. This gives us the opportunity to minimize our administrative expenses and conserve HOPE VI funds for the development of housing units. As of September 20, 1996, the CHA will not pay any outside planning fees unless authorized by the CHA in advance.

45. On October 2, 1996, I wrote back to Richard Monocchio of the CHA, and discussed a meeting we had had on the subject. A copy is attached as Exhibit 22. I wrote Mr. Monocchio that we intended to continue to work on the Cabrini HOPE VI matter, and invoice the CHA for our time, in accord with past practices. I also wrote: "As discussed, we plan to pursue clarification with the City with respect to our role in coordinating all the housing to be developed in the Cabrini revitalization area."

46. On October 24, 1996, Mr. Shuldiner wrote Ms. Jarrett. A copy is attached as Exhibit 23. Mr. Shuldiner wrote that a group (chaired by the City) was conducting a planning process, and that it will complete its process by the end of the year. He concluded:

During this time, it will not be necessary for representatives of the Habitat Company to attend meetings or otherwise represent the CHA in the near North Redevelopment planning process. I think it would be appropriate to revisit this issue once . . . [this process] is completed.

47. On October 23, 1996, the Cabrini-Green Local Advisory Council sued the CHA concerning the Cabrini-Green Redevelopment plan. Cabrini-Green v. CHA, No. 96 C 6949. That lawsuit essentially froze planning work on Cabrini redevelopment. For that reason, immediate resolution of the dispute between the CHA and the Receiver concerning the role of the Receiver for HOPE VI work at Cabrini was not required.^{2/} (The Receiver has followed a policy of attempting to negotiate disputes with the CHA in the first instance, and only applying to the Court where assistance was

^{2/} The CHA's motion to dismiss the lawsuit was denied by Judge Coar on January 21, 1997.

necessary.) Instead, as discussed in the Affidavits of Mr. Levin, Ms. Jarrett, and Barry Miller submitted herewith, the Receiver had a series of discussions on this matter with the CHA through 1997, and raised the matter with the Court in July 1997.

48. In late 1996 or early 1997 I learned from CHA staff that CHA was planning to use HOPE VI replacement housing funds as equity to purchase a 40-year lease on 44 new dwelling units planned for construction at "Mohawk-North" and "Old Town Square," two properties being privately developed in the Cabrini area.

49. I knew from my experience with HUD procedures and my knowledge of the HOPE VI program that before HUD would approve such an expenditure, HUD would require the CHA to have a "Revitalization Plan" for the Cabrini-Green HOPE VI approved by HUD's Washington, D.C. HOPE VI office and that it would be a difficult and time-consuming process for CHA to obtain HUD approval. As of this writing, over one year later, CHA has still not, to my knowledge, obtained the required approval from HUD of a "Revitalization Plan."

50. Richard Monocchio of the CHA approached me in early 1997 about the possibility of Habitat using its Cabrini-Green development funds to lease 44 units at Mohawk-North and Old Town Square for CHA residents. Mr. Monocchio said that he contacted Habitat because of CHA's lack of a HUD-approved "Revitalization Plan" for Cabrini-Green, and because he anticipated that CHA would be unable to obtain approval within the time frame desired by the owner of the property.

51. At that time, the Receiver had funding for 190 units (under Programs 182 and 192) from HUD for use in the Cabrini-Green area. CHA requested that we use funding for 44 of those units for the "equity purchase" of forty-year leases at Mohawk North and Old Town Square. (HUD permits the use of housing development funds for an equity payment under a lease arrangement if certain conditions are met, notably, if (i) the lease is for 40 years, (ii) the property is not subject to real estate taxes, and (iii) the monthly maintenance payment to the private owner is not in excess of the amount permitted to the housing authority under the performance funding system.)

52. On May 13, 1997, Mr. Shuldiner wrote Valerie Jarrett and me, requesting that Habitat use Gautreaux funds to finance the equity purchase of the long-term lease on the 44 units. A copy of that letter is attached as Exhibit 24 hereto.

53. I told the CHA that we were willing to cooperate, and we have engaged in lengthy negotiations with the CHA and with HUD to complete this transaction, which is now close to completed. As Receiver, we submitted a Development Plan to HUD for the 44 units. A copy of the Plan is attached as Exhibit 25 hereto. We have agreed with CHA on a total receiver fee of \$35,000 for this work.

B. Horner II/ABLA.

54. In 1996, the CHA submitted a second HOPE VI application for housing development funding. This application was for a second phase of housing at the Henry Horner Homes and also replacement housing at the ABLA developments.

(ABLA is the amalgamation of 4 large developments with over 3500 apartments in the area near the University of Illinois-Chicago along Taylor St. and Roosevelt Road.) The Receiver's staff assisted with the preparation of this HOPE VI application.

55. In connection with that application, the Receiver executed a formal Development Manager Agreement with CHA. A copy of the Agreement and an April 30, 1997 transmittal letter from Mr. Shuldiner to Mr. Levin, is attached as Exhibit 26 hereto.

56. This Agreement permitted the Receiver, as Receiver, to act as development manager for these projects, and expressly reserved all of the Receiver's authority. In the Receiver's opinion, this permitted the Receiver to discharge satisfactorily its Receivership duties under the Court's Orders with respect to this project.

57. Since that time, the Receiver has continued to perform its duties in connection with replacement housing development at Horner and ABLA pursuant to the Development Manager Agreement.

C. Robert Taylor Homes ("Taylor").

58. We were not included in the CHA's 1996 application for HOPE VI funds at Taylor. We were not involved in the preparation, nor told in advance that the CHA would file an application. Indeed, we were unaware that the CHA had applied, and

I learned from a housing trade publication that the CHA received \$25 million in HOPE VI funds for Taylor.

59. Shortly after I saw the story, I spoke with Richard Monocchio of the CHA. When I asked him about the exclusion of the Receiver from the Taylor HOPE VI application, he told me that it was not necessary for the Receiver to be involved since the CHA was not planning to develop any replacement housing at Taylor. (HOPE VI funds can also be used for housing rehabilitation, social services, and purposes other than new housing development.)

60. Sometime during the fall of 1997, I received a telephone call from a property owner I know in the Washington Park area of Chicago (located not far from the Taylor development). The Washington Park area, like the Taylor area itself, is a limited area under this Court's Gautreaux judgment. My acquaintance told me that the CHA had approached him about "purchasing" a forty-year "equity lease" on twenty apartments in a building he owns. At the time, he did not know the source of the funds. He indicated he learned of the CHA's interest in such a leasing program at a meeting he was invited to by CMHDC with other owners of apartment buildings.

61. After I had spoken with the property owner, I spoke with someone at the CHA, I believe Rafael Leon at CMHDC, who told me the CHA was planning to use HOPE VI money from Taylor to do long-term leases with the owner of the property.

62. After I informed Mr. Polikoff about the above, he told me that he had raised the CHA's unilateral pursuit of HOPE VI new housing development funds for Taylor with the CHA during discussions in 1997. The use of HOPE VI funds for new non-elderly housing development, including the use at Taylor, was one of the items the CHA refused to discuss with us in June and July, 1997.

D. The CHA's Claims of Irreparable Injury.

63. Despite having spent virtually all of my time during the last ten years developing HUD-financed public housing, I know of no specific HUD rules or practices that supports CHA's concerns about injury to it should the Court's February 23 HOPE VI Order not be stayed. Rather, I am aware of facts to the contrary.

64. I deal with HUD virtually on a daily basis. Several HUD employees have repeatedly told me that only the Receiver, and not the CHA, is authorized to spend HOPE VI funds on new housing. For example, Janet Elson, a HUD attorney in Chicago, has told me that HUD would not disburse any funds to the CHA for HOPE VI new housing development, because the August 14, 1987 Order appointing the Receiver required The Habitat Company to develop all non-elderly public housing as Receiver for CHA's development program. That statement is consistent with a July 29, 1997 memo from Lewis Nixon on the subject, attached as Exhibit 27 hereto, in which Mr. Nixon stated "We also believe that any funds under HOPE VI which go to replacement housing are currently a Receiver responsibility."

65. I am aware of no reasons why the CHA could not turn over to the Receiver responsibility for replacement housing development at Cabrini and Taylor, just as had been done at the ABLA/Horner II HOPE VI development. (It would, of course, be possible that CHA's plans might have to be changed if they are not in compliance with this Court's orders, which Habitat, as Receiver, is charged to carry out -- but that would be true no matter who is responsible for developing the housing.)

66. The CHA's Motion at 6 suggests that the Receiver wishes to be "the sole source developer for more than \$300 million worth of construction . . . without giving the CHA the opportunity to obtain competitive proposals." This statement is grossly inaccurate, for several reasons.

67. First, Habitat has no idea where the \$300 million figure comes from. We have requested information from the CHA about its plans, but it has not been provided.

68. Second, Habitat has never developed Gautreaux housing construction as "the sole source developer . . . without . . . competitive proposals." We have employed multiple contractors and used competitive bidding in accordance with HUD regulations. Habitat has managed the development process for the construction of new CHA housing. The actual construction process has been performed by private general contractors and turnkey developers, after a competitive bid and Request for Proposal process. All of the procurement process for this construction work has been reviewed, monitored, and approved by HUD.

69. For example, in Horner replacement housing work, Habitat has retained private contractors and turnkey developers, including MCL Companies, New England Builders, Cyrus Development Co., and Enterprise Development Co., who work under Habitat's supervision, as provided in the contract documents. In each case, the private developers are working in a partnership with a not-for-profit entities, including Near West Development Corp., Horner Association of Men, and Hull House. Those not-for-profit entities were selected by the CHA, without competitive bid, and identified as joint venture builders pursuant to the consent decree Horner entered in the Henry Horner Mothers Guild v. CHA case pending before Judge Zagel, No. 91 C 3316. Again, HUD has approved the process and contracts for all this work.

70. Third, Habitat was selected as Receiver by the Court after a review process conducted by a screening committee appointed by the Court, and following interviews with a number of applicants.

71. During the period from 1987 through the end of 1997, The Habitat Company has completed or has under construction 2205 scattered site and other public housing units (including replacement housing) at a cost through that date of \$205,031,902.

72. The Receiver's work was summarized in the Report we submitted to the Court on January 28, 1998. A copy is attached as Exhibit 28.

E. The CHA's Efforts at Darrow Homes.

73. The CHA's Clarence Darrow Homes project was made up of four high-rise buildings containing approximately 480 units. Darrow is located next to other distressed CHA public housing, including the Ida B. Wells development, which has over 2,000 family public housing units, and Madden Park, which contain 485 family public housing units.

74. I have been informed by the CHA staff that the CHA decided to allocate approximately \$8.5 million of HUD Comprehensive Grant funds to rehabilitate one of the Darrow high-rise buildings.

75. The CHA then changed its plans, and considered building new housing on the site. As set forth in the separate affidavit of Valerie Jarrett, the CHA, the Receiver, and counsel for the plaintiffs entered into negotiations for the CHA to construct 38 townhouse units, on a demonstration basis, at or near Darrow. Those negotiations never reached a final agreement.

F. The CHA's Lack of a Successful Development Record.

76. During the past six to seven years, the CHA has attempted to perform development of new housing. The authorized units have not been built. The details are described below.

77. In 1990, the CHA, under Mr. Lane requested and received court approval to undertake a demonstration program by constructing 350 units of scattered site

housing. The Receiver and the Gautreaux plaintiffs agreed to this proposal, and cooperated with it, to see if the CHA had the capacity to build housing. The Court formally approved the proposal.

78. The demonstration program was originally scheduled to last for two years. After no housing was built, it was voluntarily extended by the parties for an additional two years.

79. As the second two-year period ended, and the CHA had not produced any units, Mr. Lane approached the Receiver and suggested entering into a joint venture with Chicago Metropolitan Housing Development Corp. ("CMHDC"), a development entity created by the CHA, to build these units and to assist the CHA in obtaining development expertise. A court Order was entered on December 3, 1993 approving the joint venture. A copy of the Order is attached as Exhibit 29.

80. Under the joint venture, Habitat is the managing venture partner. During most of the existence of the joint venture, CMHDC has had provided little or no participation in the joint venture, having failed to assign any employees to it for substantial periods of time.

81. The foregoing matters are based upon my own personal knowledge except where another source is noted above or a matter is stated on information and belief, 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 30th day of
March, 1998.

Dorthie Anderson
Notary Public



July 3, 1995

MEMO TO: Philip Hickman, Senior Vice President, HABITAT

FROM : Bob Prescott, Acting HOPE VI Program Manager, CHA 

SUBJECT: Our meeting on July 5

Thank you for a very informative and helpful meeting last Thursday. I am looking forward to our continued dialogue on July 5. Edwin Eisendrath and Chris Horning, Acting Deputy Assistant Secretary, will be joining us for the meeting.

I am not sure what all you want to cover in the July 5 meeting, but I hope we can at least address some of the following concerns:

1. Why should CHA use HABITAT for the Cabrini HOPE VI development?
 - a. Does your Court Order provide an exclusive right?
 - b. Can you respond to a RFP in a competitive process?
 - c. Does CHA need a Court ruling if we do not issue an RFP?
2. Is your Court Order limited to "scattered site" PH development?
 - a. If so, isn't the replacement housing at Cabrini Extension excluded from your Order?
 - b. What if the Cabrini Extension site is expanded through acquisition of adjacent private and public properties?
 - c. What about replacement housing placed on other existing PH sites, such as Damon & Schiller?
3. Under the Court Order, what is HABITAT's role in preparation and/or submission to HUD of demolition applications and applications for replacement housing funding, i.e., the current NOFA for PH development?
4. If HABITAT were to be assigned the task of design and development of the Cabrini HOPE VI replacement housing (303 hard units) on a non-competitive basis,
 - a. How would you select and assemble your team?
 - b. On what time frames?
 - c. How would we determine your costs?
5. What would be CHA and/or CMHDC's role in the process?
6. Can any of the work or ideas set forth in the Revised Revitalization Plan of March 15, 1995 be used, especially bond financing of market rate units? (HOPE VI funds can not be used to develop market rate units)

7. Are HOPE VI units the appropriate opportunity to demonstrate "sustainable development"? The HUD Illinois Office believes this can be done for no more than \$2,000 per unit.
8. How would you deal with the following issues which are either expectations of HUD, the residents, or commitments made by the former Chairman of CHA:
 - a. Exemplary design that can serve as a model for the nation, and insure that the units could be rented without subsidy, if necessary.
 - b. Accelerated development schedule that can have construction under way at Cabrini Extension by next summer.
 - c. Inclusion of Orchard Park as a mixed-income development with at least 30% of units for PH-eligible families.
 - d. Maximize the number of replacement units in the HOPE VI planning area; the residents want all 303 hard units within these boundaries.
 - e. Some replacement units, perhaps as many as 75, will be needed to relocate current residents of 1150-60 N. Sedgwick before the building can be demolished.
 - f. Creation of mixed-income communities, with opportunity for purchase as well as rental. Ownership opportunities need to be available and feasible for all incomes.
 - g. At least 25% of the units at each cluster site need to be available for very low income families; another 25% should be available for working families in the 50-80% of median income range.
 - h. Proximity of the new housing to existing Cabrini-Green hi-rise and mid-rise buildings, including 1158 N. Cleveland.
 - i. Need for formal resident consultation and input to the design and development process.
 - j. Demands of the residents and their legal counsel. (see letter of 6-23-95, attached)
 - k. An early precedent of success and resident acceptance of the process and product.
 - (1) Orchard Park?
 - (2) Scattered site units already under development?
 - (3) Purchase of units in an existing private development, either with or without rehabilitation?

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9. The HOPE VI Revitalization Plan includes the Lower North Community Center (see 5-28-93 MOA, attached), although at this point it is not clear what will be done and which funds will be used to pay for it.
 10. The HOPE VI Revitalization Plan includes the rehabilitation of 1158 N. Cleveland (65 unit midrise), although this could be left with CHA to be done from modernization funds.

Attachments (2)

cc: Kevin Marchman, CHA
Edwin Eisendrath, HUD/IL
Chris Hornig, HUD/HQ
Alex Polikoff, BPI

CHICAGO METROPOLITAN HOUSING
DEVELOPMENT CORPORATION
(CMHDC)

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626 West Jackson Blvd., 8th Floor
Chicago, Illinois 60661

FAX: (312) 441-0317

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FAX TO: Name: DAW LEVIN, HABITAT

Fax No.: 527 5263 Contact No.: _____

FAX FROM: Name: _____

Contact No.: _____ Ext.: _____

COMMENTS: _____

Please call originator at the number listed above if you have any questions, or if you received an incomplete fax. Thank you!



The Chicago Housing Authority

June 30, 1995

Ms. Deborah H. Moore
Executive Director
Chicago Metropolitan Housing
Development Corporation
626 West Jackson Blvd., 8th Floor
Chicago, IL 60661

Dear Ms. Moore:

SUBJECT: CHA/CMHDC Liaison

In order to facilitate and expedite communications between our respective offices, I have asked Mr. Robert L. Prescott to serve as Liaison between the CHA Executive Office and CMHDC. This assignment is in addition to Mr. Prescott's primary role as Acting HOPE VI Program Manager. Effective immediately, I ask that copies of all correspondence and written communications between our two offices be provided to Mr. Prescott.

As you may be aware, we are reviewing all CHA financial commitments and expenditures so as to bring them in line with available resources and good management practices. I have been informed that CHA is paying for the majority of CMHDC's staff and operating expense. Accordingly, I have asked Mr. Prescott to review with you the activities and services which CMHDC is performing on behalf of CHA to justify this expenditure. His report is due to me by July 7.

Pursuant to our meeting on June 29, I have also asked Mr. Prescott to coordinate the preparation of all new demolition applications, and applications for replacement housing funding in response to the NOFA for Public Housing Development issued by HUD on June 16, 1995. Applications for new public housing are due at HUD by July 31, 1995, and demolition applications must be at HUD and have been preliminarily reviewed prior to that date.

Ms. Deborah Moore

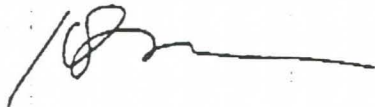
June 30, 1995

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Mr. Prescott will coordinate the participation of appropriate offices at CHA as well as with CMHDC and the Court Appointed Receiver in the timely preparation of these submissions. It is very likely that this will be the last funding available for new public housing for years to come, and we want to make the most of it for Chicago and its lower income residents. Even though we are in a summer vacation period and there are many other important activities underway, meeting these deadlines must be a top priority, and I ask for wholehearted support and participation from all those involved.

Mr. Prescott will communicate directly with all those copied on this letter. Do not hesitate to call him if program or policy decisions are needed as you prepare the indicated applications. His phone number is (312) 441-4480, ext 224. Mr. Prescott will be providing me with a daily status report and can present any matters that need my attention.

Sincerely,



Kevin Emanuel Marchman
Interim Executive Director

cc: Joseph Shuldiner, Assistant Secretary for Public and Indian Housing
Marilyn Johnson, General Counsel, CHA
Andrew Rodriguez, Director, Construction Management, CHA
Alexander Polikoff, BPI
Dan Levin, The Habitat Company
Edwin Eisendrath, Secretary's Representative, HUD Illinois State Office
Harold Saether, Acting Director of Public Housing, HUD Illinois State Office
Christopher W. Hornig, Acting Deputy Assistant Secretary, Office of Distressed and Troubled Housing Recovery

MEMORANDUM

TO: Joseph Shuldiner, Assistant Secretary, PIH

FROM: Kevin E. Marchman, Interim Executive Director, CHA 

SUBJECT: Current Status of the Cabrini Extension HOPE VI Program

DATE: July 12, 1995

Background:

The HOPE VI plan for Cabrini Extension has the following major objectives:

1. Provide a safer, more family-friendly community by replacing hi-rises with townhomes to reduce density and provide more space and amenities.
2. Change the present concentration of low-income households by creating mixed-income communities that recognize and reward working families.
3. Give residents opportunities for choice, upward mobility, homeownership and self-improvement.
4. Provide a better quality of life through community service, social support programs, jobs, and job training.
5. Create a model of new public housing for the 21st century.

CHA applied for the HOPE VI grant in May, 1993. HUD announced CHA's selection for an award of \$50 million in December 1993, and after extended negotiations an Implementation Grant Agreement was executed a year later in December, 1994. The residents of Cabrini-Green, their advisors, and CHA staff have been meeting and planning the HOPE VI Revitalization for more than 30 months, primarily through four separate committees.

On March 15, 1995, the CHA submitted its Revised Revitalization Plan to HUD, and made an on-site presentation in Washington a week later. HUD acknowledged that CHA's Plan was very innovative, especially in its proposal for mixed-income homeownership and tax exempt bond financing. On May 15, 1995, HUD responded to CHA's proposal with numerous questions about

the financing and other aspects. Staff prepared a thorough response to HUD's questions and suggestions which offered several changes and options to the March 15 submission but, before this response had been considered by all parties involved in the local planning process, the CHA Board of Directors resigned and HUD assumed control of the CHA on May 30, 1995.

Actions since May 30:

In the past six weeks, the following significant actions have taken place on the Cabrini HOPE VI program:

1. CHA terminated its contract with CMHDC for the administration of the HOPE VI Program. The program is now being administered from the Executive Office. CMHDC staff do continue to assist, however, with relocation, site acquisition, and administrative support to CHA's HOPE VI staff.
2. The Cabrini-Green LAC approved the recommendations of the Human Capital Planning Committee and CHA submitted a new set of community service and social support programs to HUD for approval and funding. Today we received a letter with HUD's approval of the programs and \$5,290,000 of HOPE VI funding over a three year period. The first year's funding of \$2,695,000 is immediately available to initiate resident programs this summer. The Corporation for National Service (CNS) has approved the community service plan.
3. In two separate actions, HUD has approved the demolition of three hi-rise buildings totalling 660 apartments, and funding for all 660 replacement units. Of these, 167 will be Section 8 certificates as per CHA's request. The demolition for the first building, 1117/1119 Cleveland, has been competitively awarded to National Wrecking Co., and they are expected to begin removing asbestos within the next week. The actual taking down of the building will probably begin in late September. A Request for Proposals (RFP) to demolish the second building, 1157/1159 N. Cleveland, will be published this month. Both buildings should be down before the end of the year.
4. A CHA delegation of residents and staff attended a HOPE VI working conference in San Francisco on programs and funding resources for community service. The conference was organized and conducted by the Corporation for National Service. The technical information obtained will substantially strengthen the programs to be carried out at Cabrini-Green.
5. Bob Prescott, the Deputy Director of HUD's Office of Urban Revitalization, was added to the HUD team at CHA to serve as the Acting HOPE VI Program Manager. He reports to the Interim Executive Director, and is also serving as the Director's Liaison with CMHDC.
6. Communications with the LAC and residents of Cabrini-Green have been renewed, including:

- * a meeting of the HOPE VI Advisory Council on June 14;
 - * a meeting with the LAC on June 24;
 - * a memorandum from the Assistant Secretary for Public and Indian Housing to all 230 residents of 1150/1160 and 1158 N. Cleveland on June 26;
 - * a meeting with the Human Capital Planning Committee and the LAC on July 6;
7. About two-thirds of the 230 residents at 1150/160 and 1158 N. Cleveland have responded to a Resident Relocation Choice letter. A relocation assistance office was opened to assist those residents who want to voluntarily move to other housing at this time. The American Marketing Service has been retained to provide individualized assistance to each family. Residents can choose among a Section 8 certificate, a scattered site unit, another apartment within Cabrini-Green, or another apartment elsewhere in CHA's developments. Seven families have moved so far. Since demolition has been approved for 1150/1160 N. Cleveland, and all three buildings must come down before any new housing can be built on the site, we want to give as many families as possible the opportunity to relocate and get settled before schools open this Fall.
 8. There have been several meetings with Mr. Alexander Polikoff, Executive Director of Business and Professional People for the Public Interest, concerning placement of HOPE VI replacement housing into so-called "impacted" areas, including the Cabrini Extension site itself, and also about the role of the Court-appointed Receiver, i.e., The Habitat Company, in the planning and development of the replacement housing. It should be noted that 190 units of the total 660 replacement units were funded from non-HOPE VI allocations, and Habitat has the responsibility under their Court Order for planning and providing these dwellings. The questions raised by staff deal with the remaining 303 hard replacement units to be built with HOPE VI funds.

Actions planned before the next CHA Board Meeting:

1. Finalize the Plan for Resident Consultation and submit it to HUD for approval.
2. Finalize an Agreement between the CHA and the Cabrini-Green LAC on the use of the resident advocacy and technical assistance funds that are provided for in the HOPE VI budget.
3. Meet with all four HOPE VI Planning Committees to review their work products and identify their assignments in finalizing an acceptable Revised Revitalization Plan for submission to HUD. Schedule regular meetings.
4. Determine the role of the Court-appointed Receiver, if any, in the planning and development of the 303 hard replacement HOPE VI units.
5. Designate or initiate the process for selection of a Development Manager, and reach

agreement on the process to be followed in assembling a development team.

6. Finalize the list of service providers who will become Sub-Grantees in administering the community and social support programs just funded by HUD. This list and the individual Sub-Grantee Agreements must be submitted to HUD for approval.
7. Review the role and composition of the HOPE VI Advisory Council which is provided for in the Plan for Resident Consultation. Determine frequency of meetings.
8. Develop a master schedule of key actions and dates leading to resubmission of the HOPE VI Replacement Housing Plan, and for implementation of the many facets of the HOPE VI Revitalization Program.

Conclusion:

In response to the uncertainty and loss of momentum caused by HUD's May 15 letter, staff has regrouped and begun taking the steps necessary to simultaneously initiate portions of the HOPE VI Plan as they are approved by HUD, and complete the planning necessary to finalize the HOPE VI Revised Revitalization Plan. The past six weeks have been busy and fruitful. The next month will be crucial in bringing together all of the partners and pieces needed to carry the program forward on an accelerated schedule.

11/21 - 11/22/95

FRIDAY, SEPTEMBER 8, 1995 C1

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DJ-COB Electricity Prices

Weighted average price of megawatt hour sold at the California-Oregon and Nevada-Oregon Borders, quoted in dollars per megawatt hour.

Wednesday, Sept. 6, 1995

Non Firm	9/6	9/6	9/6
On Peak	16.72	16.91	n.a.
Off Peak	13.60	13.55	16.24

EXPLANATORY NOTES
Non-Firm: Electric energy sold for delivery at COB with the provision that it is subject to interruption for any reason at any time. Peak Hours: Between 6:00 a.m. and 10:00 p.m. Off Peak Hours: Between 10:00 a.m. and 6:00 p.m. and all day Sunday. Revised: a. Nominal; insufficient trading activity to calculate definite average.

above within six (6) months after the date of this Notice. All such claims must be received by the Trustee.

No claim of any kind will be allowed unless filed within six (6) months after the date of this Notice.

AUTOMATIC STAY OF ACTIONS AGAINST THE DEBTOR

NOTICE IS HEREBY GIVEN that as a result of the issuance of the Protective Decree, certain acts and proceedings against the Debtor and its property are stayed as provided in 11 U.S.C. §362 and by order of the United States District Court for the Western District of New York entered on August 14, 1995 by the Honorable Richard J. Arcara.

FIRST MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN that the first meeting of customers and creditors will be held in Part 1, Room 310, United States Courthouse, 68 Court Street, Buffalo, New York 14202 on October 12, 1995 at 11:00 AM, at which time and place customers and creditors may attend, examine the Debtor, and transact such other business as may properly come before said meeting.

HEARING ON DISINTERESTEDNESS OF TRUSTEE AND COUNSEL TO THE TRUSTEE

NOTICE IS HEREBY GIVEN that October 12, 1995 at 10:00 AM in Part 1, Room 310, United States Courthouse, 68 Court Street, Buffalo, New York 14202 has been set as the time and place for the hearing before the Honorable Michael J. Kaplan, Chief Judge, United States Bankruptcy Court, of objections, if any, to the retention in office of SIPC, as Trustee, and Hodgson, Russ, Andrews, Woods & Goodyear, LLP as counsel to the Trustee, upon the ground that they are not qualified or not disinterested as provided in section 706(b)(6) of SIPA [15 U.S.C. §576(b)(6)]. Objections, if any, may be filed prior to such hearing.

Dated: September 8, 1995

Securities Investor Protection Corporation,
Trustee for the Liquidation of the Business
of Harrington Securities Corp.

QUALIFICATIONS REQUEST

Sealed Responses to This Request will be opened by The Habitat Company, as Development Manager for the Chicago Housing Authority's Cabrini HOPE VI Urban Revitalization Demonstration Program, at their office located at: 350 W. Hubbard Street, Suite 800, Chicago, Illinois 60610, (312) 527-8400 on:

September 28, 1995 at 1:00 p.m. CDT.

This Qualifications Request is STEP ONE of a two-step Request For Proposal (RFP) process intended to result in the award of development and construction contracts, and in the lease and/or purchase of suitable dwellings by the Chicago Housing Authority for Mixed-Income Housing located at and around the Cabrini-Green Public Housing Development in Chicago, Illinois. All firms interested in competing for these contracts in STEP TWO of the RFP must submit their qualifications in this first step.

Sealed qualifications will be accepted up to the time of opening. No late qualifications will be accepted.

The Qualifications Request packet may be ordered from The Habitat Company beginning Thursday, September 7, 1995 between the hours of 9:00 A.M. and 4:30 P.M. CDT.

Canadian Capacity Use Slips

OTTAWA — Canadian industry operated at 83.3% of capacity in the second quarter, down from 84.8% in the previous quarter, Statistics Canada, a government agency, said.

The decline was attributed to a drop in exports and sluggish consumer spending.

CBOE INTEREST OPTIONS

Thursday September 7, 1995.

10 YEAR TREASURY YIELD OPTION (TNX)					
Strike	Call	Put	Call	Put	Nov
Price	Sep	Oct	Nov	Sep	Oct
80	1.10	1.10	1.10	1.10	1.10
Total call volume 10					
Total put volume 10					
TNX levels: High 62.05; Low 61.07; Close 62.01, +0.33					
30 YEAR TREASURY YIELD OPTION (TYX)					
Strike	Call	Put	Call	Put	Nov
Price	Sep	Oct	Nov	Sep	Oct
65	1.10	1.10	1.10	1.10	1.10
67 1/2	1.10	1.10	1.10	1.10	1.10
70	1.10	1.10	1.10	1.10	1.10
Total call volume 83					
Total put volume 97					
TYX levels: High 65.93; Low 65.47; Close 65.91, +0.14					

WHEAT (MPLS) 5,000 bu., cents per bu.	Sept 464	467	469 1/2	473	+ 14	505	334 1/2	105
Dec 473	482	473	480	+ 14	499 1/2	345	12,800	
Mar 480	487	480	484 1/2	+ 14	497	356	3,790	
May 486	488	485 1/2	489 1/2	+ 14	497	361	1,711	
Est vol 1,733; vol Wed 3,491; open Int 15,701, 45.33, +11.4								
CANOLA (WFO) 20 metric tons, Cdn. \$ per ton	Sept 397.50	407.00	399.00	407.00	+ 10.00	435.50	350.00	1,554
Nov 397.10	395.00	391.80	394.70	+ 10	417.30	331.00	24,934	
Jan 396.90	401.90	398.90	401.90	+ 10	440.00	343.00	11,350	
Mar 406.40	407.00	405.00	407.00	+ 10	450.00	390.00	7,806	
June 415.50	416.40	413.50	416.40	+ 10	459.90	414.50	2,337	
Aug 470.00				+ 10	453.00	416.50	530	
Est vol 2,983; vol Wed 4,048; open Int 48,531, +1,216.								
WHEAT (WFO) 20 metric tons, Cdn. \$ per ton	Oct 172.10	172.40	172.10	172.40	+ 4.00	172.80	105.00	3,303
Dec 170.90	173.00	170.80	172.90	+ 4.00	173.70	130.40	2,972	
Mar 171.00	172.00	171.30	172.00	+ 4.00	176.00	137.50	2,314	
May 171.10	172.00	171.00	172.00	+ 4.00	174.90	137.50	2,314	
Est vol 1,745; vol Wed 540; open Int 9,129, +73.								
LIVESTOCK								
CATTLE-FEEDER (CME) 50,000 lbs., cents per lb.	Sept 63.07	63.12	64.77	64.83	+ 15	72.15	63.02	1,542
Oct 64.80	64.95	64.90	64.90	+ 15	71.95	62.75	1,542	
Nov 65.15	65.22	64.95	65.07	+ 10	72.15	63.32	1,721	
Jan 64.75	64.95	64.85	64.85	+ 10	71.57	63.42	1,933	
Mar 63.70	63.70	63.35	63.35	+ 10	68.00	62.95	1,029	
Apr 63.10	63.15	62.87	62.87	+ 10	67.00	62.95	1,029	
May 62.70	62.70	62.70	62.70	+ 10	64.50	62.10	133	
Est vol 987; vol Wed 2,787; open Int 10,117, -1,454.								
CATTLE-LIVE (CME) 40,000 lbs., cents per lb.	Oct 64.40	64.60	63.97	64.55	+ 33	67.55	60.25	21,742
Dec 64.95	64.95	64.90	64.90	+ 33	67.25	61.75	15,460	
Feb 64.90	64.90	65.30	65.30	+ 33	67.25	61.75	15,460	
Apr 64.10	64.17	65.90	64.17	+ 15	68.27	63.90	5,048	
June 61.87	61.17	61.87	62.07	+ 10	63.17	60.95	1,257	
Aug 61.17	61.17	60.85	60.95	+ 10	62.05	60.95	392	
Est vol 7,477; vol Wed 14,579; open Int 52,811, -155.								
HOGS (CME) 40,000 lbs., cents per lb.	Oct 45.75	46.12	45.52	46.05	+ 25	46.12	38.30	14,640
Dec 45.55	45.85	45.10	45.45	+ 25	45.85	39.00	7,772	
Feb 46.05	46.30	45.80	46.10	+ 12	46.40	41.00	4,504	
Apr 44.70	44.90	44.55	44.72	+ 10	44.97	40.55	1,627	
June 49.25	49.35	49.00	49.30	+ 10	49.50	45.70	1,644	
Aug 48.75	48.90	48.50	48.70	+ 10	48.95	44.70	504	
Est vol 5,590; vol Wed 9,180; open Int 22,744, +724.								
PORK BELLIES (CME) 40,000 lbs., cents per lb.	Feb 58.00	58.40	56.07	57.20	+ 75	59.70	29.80	5,006
Mar 57.60	57.95	55.80	56.90	+ 15	58.80	29.80	383	
July 57.70	58.70	57.50	58.20	+ 10	59.97	48.50	214	
Est vol 1,788; vol Wed 1,644; open Int 5,677, +149.								
FOOD AND FIBER								
COCOA (CSCS) 10 metric tons, \$ per ton	Sept 1,245	1,292	1,280	1,288	+ 10	1,611	1,214	278
Dec 1,287	1,307	1,287	1,303	+ 10	1,633	1,250	34,544	
Mar 1,275	1,343	1,325	1,341	+ 12	1,676	1,280	16,813	
May 1,350	1,353	1,350	1,364	+ 11	1,642	1,310	1,815	
July 1,374	1,380	1,374	1,383	+ 11	1,595	1,330	2,990	
Sept 1,406				+ 11	1,557	1,354	2,089	
Dec 1,437				+ 11	1,578	1,382	1,729	
Est vol 5,434; vol Wed 10,741; open Int 47,258, +458.								
COFFEE (CSCS) 37,500 lbs., cents per lb.	Sept 143.00	143.00	137.50	138.20	+ 5.20	238.00	89.00	393
Dec 143.30	144.50	138.95	139.75	+ 5.85	247.00	120.80	17,350	
Mar 141.40	142.25	137.00	137.80	+ 5.65	203.50	122.00	4,327	
May 140.50	140.00	137.20	137.50	+ 5.70	181.40	123.40	1,751	
July 140.00	140.00	137.10	137.15	+ 5.95	183.00	123.40	302	
Sept 136.15				+ 5.95	184.00	122.25	135	
Est vol 10,916; vol Wed 16,744; open Int 26,379, +548.								
SUGAR-WORLD (CSCS) 112,000 lbs., cents per lb.	Oct 10.75	10.79	10.67	10.76	+ 01	14.25	9.42	36,710
Dec 10.18	10.21	10.14	10.18	+ 01	13.29	9.45	40,851	
Mar 10.14	10.17	10.10	10.14	+ 01	14.15	9.45	16,970	
May 10.09	10.11	10.08	10.11	+ 02	12.91	9.42	11,464	
Oct 10.04	10.07	10.04	10.04	+ 02	12.50	9.31	7,514	
Mar 9.97	9.99	9.97	9.99	+ 02	10.38	9.50	2,956	
Est vol 11,571; vol Wed 18,498; open Int 114,408, +114.								
SUGAR-DOMESTIC (CSCS) 112,000 lbs., cents per lb.	Nov 27.95	27.90	27.97	27.90	+ 03	27.41	21.80	3,072
Jan 27.70	27.70	27.27	27.30	+ 03	27.45	21.75	2,709	
Mar 27.20	27.20	27.20	27.20	+ 04	27.27	21.75	1,178	
May 27.40	27.44	27.40	27.43	+ 03	27.49	21.80	1,453	
July 27.48	27.50	27.48	27.50	+ 03	27.50	21.88	1,881	
Sept 27.37				+ 03	27.30	21.90	928	
Est vol 406; vol Wed 981; open Int 12,174, +154.								
COTTON (CTN) 50,000 lbs., cents per lb.	Oct 81.10	81.50	80.42	80.42	+ 2.00	92.00	66.80	4,689
Dec 80.80	81.00	79.85	79.85	+ 2.00	85.77	64.25	34,943	
Mar 81.74	82.00	80.78	80.81	+ 1.94	84.32	68.80	14,196	
May 82.50	82.60	81.60	81.60	+ 2.00	87.05	72.70	6,096	
July 83.10	83.15	81.90	81.90	+ 1.90	87.35	74.20	4,428	
Oct 75.90	76.85	75.50	75.50	+ 1.10	77.75	73.00	1,191	
Dec 74.20	74.25	73.75	73.75	+ 1.10	78.40	71.80	4,422	
Mar 75.10	74.90	74.90	74.90	+ 2.00	81.55	72.50	544	
May 75.65				+ 1.00	78.10	73.30	219	
July 75.65				+ 2.00	76.75	73.30	101	
Est vol 6,000; vol Wed 8,870; open Int 14,649, -144.								
ORANGE JUICE (CTN) 15,000 lbs., cents per lb.	Sept 110.40	110.50	109.00	109.75	+ 1.15	122.00	94.80	695
Nov 111.20	112.00	109.50	110.75	+ 1.35	129.00	97.10	12,614	
Jan 111.80	112.30	110.75	112.10	+ 1.00	129.20	99.45	4,264	

EXCHANGE A
(for commodity futures)

CBT-Chicago Board of
Commodity Trade
CME-Chicago Mercantile
Exchange
COMEX-New York Commodity
Exchange
FINEX-Financial
Futures Exchange
ICE-Intercontinental
Exchange
LME-London Metal
Exchange
MATIF-Marche a Terme
de Paris
ME-Montreal Exchange
MEX-Mexico City
NFE-New York Futures
Exchange
NYMEX-New York
Mercantile Exchange
SFE-Sydney Futures
Exchange

REQUEST FOR PROPOSALS - STEP ONE

REQUEST FOR QUALIFICATIONS AND INTEREST

for

THE PLANNING, DESIGN & DEVELOPMENT
OF
MIXED INCOME HOUSING

FOR

THE CABRINI HOPE VI URBAN REVITALIZATION
DEMONSTRATION PROGRAM

CHICAGO, ILLINOIS

Issued by:

THE HABITAT COMPANY,
as Development Manager for

THE CHICAGO HOUSING AUTHORITY'S
URBAN REVITALIZATION DEMONSTRATION PROGRAM

350 West Hubbard Street
Chicago, Illinois 60610
(312) 527-5400
(312) 527-5863 fax

REQUEST FOR PROPOSALS - STEP ONE
REQUEST FOR QUALIFICATIONS

The Habitat Company (THC), as Development Manager for The Chicago Housing Authority's (CHA) Cabrini-Green HOPE VI/Urban Revitalization Demonstration Program (HOPE VI Program), will receive sealed qualifications for:

The Planning, Design & Development of
Mixed Income Housing for
The Cabrini-Green HOPE VI Urban Revitalization
Demonstration Program in
Chicago, Illinois

Sealed qualifications will be received until:

TIME: 1:00 P.M.

DATE: Monday, September 25, 1995

WHERE: The Habitat Company
350 West Hubbard Street (312) 527-5400
Fifth Floor (312) 527-5863 fax
Chicago, Illinois 60610

ATTN: Lee Reid

Qualifications received after the stated date and time will not be considered.

NOTE #1: THIS REQUEST FOR QUALIFICATIONS (RFQ) IS THE FIRST STEP IN A TWO-STEP REQUEST FOR PROPOSALS (RFP) PROCESS INTENDED TO RESULT IN THE AWARD OF DEVELOPMENT AND CONSTRUCTION CONTRACTS, AND IN THE LEASE AND/OR PURCHASE OF SUITABLE PROPERTIES BY THE CHA. ALL FIRMS INTERESTED IN COMPETING FOR THESE CONTRACTS IN THE SECOND STEP MUST SUBMIT THEIR QUALIFICATIONS IN THIS FIRST STEP.

STEP ONE of the process is intended to solicit and identify respondents that are seriously interested in and capable of participating in the revitalization of Cabrini-Green and its surrounding community. CHA recognizes that Developers responding to STEP TWO of the RFP will be investing significant effort and funds to prepare, submit and explain their proposals. The screening, selection and negotiation process of STEP TWO may take up to 60 days and will involve consideration by other groups such as: CHA, Cabrini residents, HUD, The City of Chicago, the Gautreaux Court, and other interested parties. Participation in STEP TWO of the process will be limited to those respondents that successfully respond to STEP ONE.

NOTE #2: CHA'S DESIRE TO PROVIDE SOME OR ALL OF THE HOPE VI REPLACEMENT HOUSING BACK ON THE CABRINI-GREEN EXTENSION SITE AND IN THE SURROUNDING HOPE VI PLANNING AREA WILL REQUIRE AN ORDER FROM THE GAUTREAU COURT. THE CABRINI-GREEN PUBLIC HOUSING DEVELOPMENT IS SITUATED IN A LIMITED PUBLIC HOUSING AREA. A REQUEST FOR GAUTREAU COURT APPROVAL WILL BE SUBMITTED ONCE A HOPE VI REVITALIZATION PLAN HAS BEEN FINALIZED UTILIZING RESULTS FROM STEP TWO.

Questions or comments related to qualification requirements should be directed in writing to Lee Reid, Development Manager for The Habitat Company, or by fax at (312) 527-5863.

The Public Housing units are to be funded by the U.S. Department of Housing and Urban Development (HUD), and contract(s) administered for the CHA by THC as development manager. Respondents to STEP ONE may be invited to submit subsequent proposals for the development of new housing, rehabilitation of existing dwellings, and sale to the CHA of new or existing properties suitable to provide up to 493 (303 units funded by the HOPE VI Program and 190 units funded by HUD public housing development funds) replacement public housing units on the Cabrini Extension HOPE VI site, within the HOPE VI Planning Area, or outside the HOPE VI Planning Area, if they are all located in census tracts acceptable to the Gautreaux Court.

BACKGROUND

1. THE CHICAGO HOUSING AUTHORITY

The CHA is a municipal corporation established pursuant to the State of Illinois Housing Authorities Act, 310 ILLS 10/1 et seq., and administers Federal Housing programs for lower income families. The CHA receives certain funding from the United States Department of Housing and Urban Development ("HUD") and is entitled to apply for funding to acquire, construct, modernize, maintain, and operate housing developments.

The CHA was created in 1937 and is the second largest public housing agency in the United States. The CHA's mission, as set forth in the 1937 charter, is to provide decent, safe and sanitary housing for the lower-income community. The CHA owns about 40,000 lower-income public housing units located throughout the City of Chicago, with more than 90,000 residents.

2. THE CABRINI HOMES EXTENSION (see Exhibits A and B)

The Cabrini Homes Extension (IL 2-20) is the largest of the three Cabrini-Green developments, which together total about 3600 apartments. The Extension is 37 years old, has 1921 apartments, and consists of 15 high-rise buildings situated on 36.4 acres. It is bounded by Sedgwick Avenue on the east, Larrabee Street on the west, Division Street on the north, and Chicago Avenue on the south. The 15 buildings include three-19 story buildings, five-10 story buildings, and seven-7 story buildings.

3. THE HOPE VI/URBAN REVITALIZATION DEMONSTRATION PROGRAM

For Federal Fiscal Years 1993, 1994 and 1995, Congress provided a total of almost \$1.6 billion for a demonstration program to test the theory that large severely distressed public housing developments could be transformed into models of successful affordable housing if HUD and the local Public Housing Agencies (PHAs) were given sufficient freedom, flexibility and funding. PHAs were encouraged to go beyond the constraints of all prior modernization funding, which had required rehabilitation in place, and consider partial or total demolition, density reduction, mixed-income occupancy, public-private development partnerships, homeownership opportunities for residents, and other innovative and comprehensive approaches to creating viable communities.

The maximum grant for any one development is \$50 million. At least 80% of the grant must be used for capital improvements and related costs; up to 20% of the grant can be used for management improvements and services for residents intended to foster economic advancement and self-improvement. Each HOPE VI program must also have a community service component designed to foster civic involvement by residents and acceptance of personal responsibility for community improvement and security.

4. THE CABRINI EXTENSION HOPE VI PROGRAM

The CHA applied for and received approval of a \$50 million grant for the revitalization of a portion of Cabrini Homes Extension. The Revitalization Plan provides for demolition of three high-rise buildings totaling 660 apartments (1117-1119 and 1157-1159 N. Cleveland, and 1150-1160 N. Sedgwick), major rehabilitation of a 7-story mid-rise with 65 apartments (1158 N. Cleveland), and repair and/or expansion of the Lower North Community Center at 1000 N. Sedgwick. The Plan also funds 16 distinct community service, job training, micro-enterprise, social support, and security programs for Cabrini residents.

HUD is expected to provide replacement housing funding, through HOPE VI and other grants in the following configuration:

303	Hope VI Program hard replacement units
190	Public Housing Development Funds hard replacement units
<u>493</u>	Total Hard Replacement Units
<u>167</u>	Section 8 units (Rental certificates)
660	Total Replacement Units (one-for-one replacement)

The HOPE VI Plan envisions creating a mixed-income community where at least 50-60% of the new housing is occupied by unsubsidized (market rate) households, and the balance of the units (40%-50%) would be occupied by public housing eligible families.

The CHA is open to proposals that would change or enlarge the configuration of the HOPE VI site in order to improve marketability or for other reasons; make available for public housing use through sale or long-term lease dwellings constructed with private or other financing outside of Cabrini; exchange of land in order to provide fee-simple title for sale of units; and otherwise modify the Cabrini HOPE VI plan to enhance the prospects for creating well-working, mixed-income communities. CHA-owned property can only be made available for private use under a 99 year land lease, renewable for a like term.

INTENT AND SCOPE OF SERVICES

1. REQUEST FOR PROPOSALS

STEP ONE will be followed by a STEP TWO RFP and be limited to those respondents who submitted satisfactory qualifications to STEP ONE. The TWO-STEP process is intended to achieve specific HOPE VI objectives, or provide convincing evidence that they can not be achieved in the HOPE VI Planning Area.

STEP TWO will solicit development proposals for part or all of the HOPE VI site including the construction of new housing units, sale to the CHA of suitable new or existing housing, and other development options intended to provide up to 493 replacement units in the HOPE VI Planning Area. STEP TWO will set forth several different site configurations, as well as the possibility of substantial rehabilitation of one or more mid-rise buildings. STEP TWO will provide incentives for proposals that create mixed-income communities in which public housing units are blended into market-rate sale and/or rental housing. To the extent that respondents believe that all 493 replacement units can not be accommodated within the HOPE VI Planning Area consistent with the mixed-income community objective, CHA is willing to consider replacement housing proposals outside the Planning Area if they are located in census tracts acceptable to the Gautreaux Court.

The CHA is prepared to use its financial and legal resources, including bond financing through Chicago Metropolitan Housing Development Corporation (CMHDC) and its relationship with the City of Chicago, to maximize the potential for achieving these objectives.

2. STEP TWO CONSIDERATIONS

The following issues should be considered by the respondents in STEP TWO:

- A. Market and financing feasibility of mixed-income development, including unsubsidized housing.
- B. Homeownership opportunities for public housing eligible households and other first-time home buyers.
- C. The appropriate mix of sale and rental housing, and the appropriate mix of different income groups.
- D. Architectural reconfiguration of public housing, to create smaller-scale, more secure homes that are integrated into a community in a way that will provide opportunity and challenge to lower-income households.

- E. The optimal size and configuration of the Cabrini HOPE VI site so as to maximize the revitalization of Cabrini-Green and the Near North community, taking into account other private and public investments also taking place in the HOPE VI Planning Area.
- F. Determine the extent to which new housing can be built on the Cabrini HOPE VI site prior to the removal of the 19-story high-rise at 1150-1160 N. Sedgwick. This building currently has about 60% occupancy.
- G. Encourage maximum private sector participation in the revitalization of Cabrini Homes Extension and surrounding areas by offering the resources available to CHA for joint ventures and development partnerships, including land exchanges, equity partnerships, and bond financing, as appropriate. CHA seeks to use it's own resources, as well as, leverage private sector financing and access to private housing developments that might not otherwise be available for the provision of replacement public housing dwellings.
- H. Collaborate with the CHA in the design of a demonstration program to create opportunities for educational advancement in public housing, such as through a campus community, including wiring selected public housing facilities with computer connections and a computer learning center that allows for self-paced learning and educational advancement. (More information will be provided in STEP-TWO)

GENERAL REQUIREMENTS

The Habitat Company will receive sealed qualifications for:

The Planning, Design & Development of
Mixed Income Housing for
The Cabrini-Green HOPE VI Urban Revitalization
Demonstration Program in
Chicago, Illinois

1. TIME FOR RECEIVING QUALIFICATIONS

Responses to STEP ONE received prior to the time of the opening will be securely kept, unopened. THC will open the responses on Monday, September 25, 1995 at 1:00 P.M., at which time all responses will be opened but not publicly read, and no responses received thereafter will be considered.

2. CONFIDENTIAL MATERIAL

Any material submitted by a respondent that is to be considered as confidential must be clearly marked as such.

3. EVALUATION OF QUALIFICATIONS

Within five (5) days after receipt of qualifications, a selection committee will evaluate all responses as described in the Qualification Requirements contained herein. Qualified respondents will be selected to participate in STEP TWO of the RFP to be issued on or about October 4, 1995.

4. CONTRACT AWARD

No contract will be awarded as a result of STEP ONE. The purpose of STEP ONE is to identify qualified respondents interested in submitting proposals for the HOPE VI Program in response to STEP TWO. STEP TWO is intended to result in the award of one or more contracts for the development of, new housing and required infrastructure, sale to the CHA of suitable new or existing housing, and other development options intended to provide up to 493 replacement dwellings in the HOPE VI Planning Area. CHA is prohibited from making any awards to respondents (including subcontractors) or any individuals which are on the lists of companies of individuals ineligible to receive awards from the United States Government, as furnished by HUD.

5. NOTIFICATION AND PARTICIPATION IN STEP TWO

All respondents will be notified of the selection committee's evaluation no later than October 4, 1995. The selected respondents will be invited to participate in STEP TWO for the planning and design of affordable and public housing schemes in relation to the HOPE VI Program for the Cabrini Extension Public Housing Development in Chicago, Illinois.

6. PROVISION OF EXECUTED DOCUMENTS BY SELECTED FIRMS

All selected respondents will be required to provide the following information in their response to STEP TWO. These documents are not required in STEP ONE.

A. AFFIRMATIVE ACTION AGREEMENT

Respondent shall execute an Affirmative Action Agreement certifying that it will comply with all provisions identified in the Instructions Regarding Affirmative Action Under Executive Orders 11246 and 11914.

B. EQUAL OPPORTUNITY EMPLOYMENT

Respondent must agree that there will be no discrimination based on race, sex, religion, color, disability, age, creed, or national origin or familial status in regard to obligations, work, and services performed under the terms of any contract ensuing from the RFP.

C. NON-COLLUSIVE AGREEMENT

Respondent shall execute an affidavit that it has not colluded with any other person, firm or corporation in regard to any qualification submitted.

D. CERTIFICATION OF ELIGIBILITY

Respondent must provide a certified statement that it or any of its principles is not debarred, suspended or otherwise prohibited from professional practice by any Federal, State or local agency.

E. PREVIOUS PARTICIPATION CERTIFICATION

Respondent will be required to complete and submit a Form HUD-2530, Previous Participation Certification.

F. INTEREST OF MEMBERS, OFFICERS OR EMPLOYEES AND FORMER MEMBERS, OFFICERS OR EMPLOYEES

No member, officer or employee of THC, CHA, or CMHDC or former member, officer or employee of THC, CHA, or CMHDC who ceased to be a member, officer or employee within one (1) year shall voluntarily acquire any interest, direct or indirect, in any property included or planned to be included in the project, or in this contract or any subcontracts relating to the project. If the respondent involuntarily acquires any such interest prior to appointment or employment as such member, officer or employee, then the respondents shall immediately disclose any such interest in writing to THC. Upon any such disclosure, a member, officer or employee shall not participate in any action by THC, CHA or CMHDC relating to the property or contract in which he may have any such interest.

G. INTEREST OF MEMBER OF CONGRESS OR RESIDENT COMMISSIONER

No member of or delegate of the Congress of the United States of America or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit to arise therefrom, unless it be made with a corporation for its general benefit.

H. MBE/WBE PARTICIPATION

The CHA's goal is to have minority and women participation on all of its contracts. Therefore respondents will be required to participate in the CHA's MBE/WBE Program.

I. PROVIDE SECTION 3 OPPORTUNITIES

Section 3 is a provision of the Housing and Urban Development Act of 1968 which requires that programs of direct financial assistance administered by the U.S. Department of Housing and Urban Development (HUD) provide, to the greatest extent feasible, opportunities for job training and employment to lower income residents in connection with projects in their neighborhoods. Further, to the greatest extent feasible, contracts in connection with these projects are to be awarded to local businesses. Section 3 is a tool for fostering local economic development, neighborhood economic improvement and individual self-sufficiency.

Respondents will be required to submit a plan to provide for training and employment opportunities for resident of Cabrini-Green and other lower-income residents of the project area, and contracts for work in connection with the development to be awarded to Cabrini resident enterprises and business concerns which are located in, or owned in substantial part by persons residing in the area of the development.

J. FINANCIAL STATEMENTS

Respondents must provide recent financial statements, letters of credit, evidence of credit enhancement, and other applicable financial and financing disclosures sufficient to demonstrate that the respondent has access to financial resources sufficient to carry out its proposed HOPE VI development activities.

K. FHA ACT OF 1988, SECTION 504, ADA

Evidence of past compliance with the Fair Housing Amendments Act of 1988, Section 504 of the Rehabilitation Act of 1973 and, the American with Disabilities Act of 1990 (ADA).

L. REGISTRATION AND LICENSING

Evidence that respondent and any proposed subcontractors or consultants are registered and licensed to perform the required planning, development and construction services in the State of Illinois.

QUALIFICATION REQUIREMENTS

All qualifications must be submitted in the form prescribed by THC in this STEP ONE Request for Qualifications. One (1) original and seven (7) copies must be submitted. Qualifications forms must be signed by a contracting officer or senior official of the respondents organization. Failure to include any of the following information could result in the rejection of qualifications submitted by the respondent. The qualification package must consist of:

1. A statement of the respondent's experience in planning, development and construction of multifamily housing, townhome housing, single family developments, housing for seniors, federally assisted housing, public housing and other real estate developments.
2. Graphic and descriptive examples of developments where the respondent's planning, development and construction activities were similar or comparable to the work anticipated for the HOPE VI Program. Provide names, addresses and phone numbers of at least three (3) references who are familiar with each of the projects listed.
3. A statement of the respondent's experience and programs for MBE/WBE participation, and for training and employment of lower-income persons, including accomplishment of Section 3 numeric goals in other publicly-funded contracts.
4. If the respondent is only interested in a portion of the development work, provide a summary description of one or more of the following development responses which the Developer is interested in providing to the CHA under STEP TWO:
 - A. Designing and constructing new housing on CHA's Cabrini Extension HOPE VI site under a Planned Unit Development;
 - B. Planning and rehabilitating existing mid-rise structures for family or senior occupancy.
 - C. Developing new housing on behalf of or, for sale to CHA within the HOPE VI Planning Area on land which the Respondent controls;
 - D. Selling or leasing on a long term lease to CHA new and or existing dwellings within the HOPE VI Planning Area; and
 - E. Other development activities which will provide CHA with suitable replacement public housing, both within and outside of the HOPE VI Planning Area.

EVALUATION CRITERIA

Responses to STEP ONE will be evaluated on the criteria set forth in the Qualification Requirements herein and evaluated by a selection committee to determine which qualifications best satisfy the needs of the CHA and its revitalization objectives.

The selection committee will review all responses to STEP ONE to determine if the qualifications demonstrate sufficient experience and resources to effectively participate in STEP TWO.

Responses to STEP ONE will be included in the evaluation and ranking of STEP TWO respondents.

Qualifications will be considered to meet the threshold criteria if they substantially respond to the Qualification Requirements, and evidence capacity and experience suited to the needs of the HOPE VI revitalization objectives.

CHA reserves the right to reject any or all responses, to advertise for new qualifications or proceed to accomplish this work by any other means determined to be in and for the best interest of the CHA.

EXHIBIT A

CITY OF CHICAGO

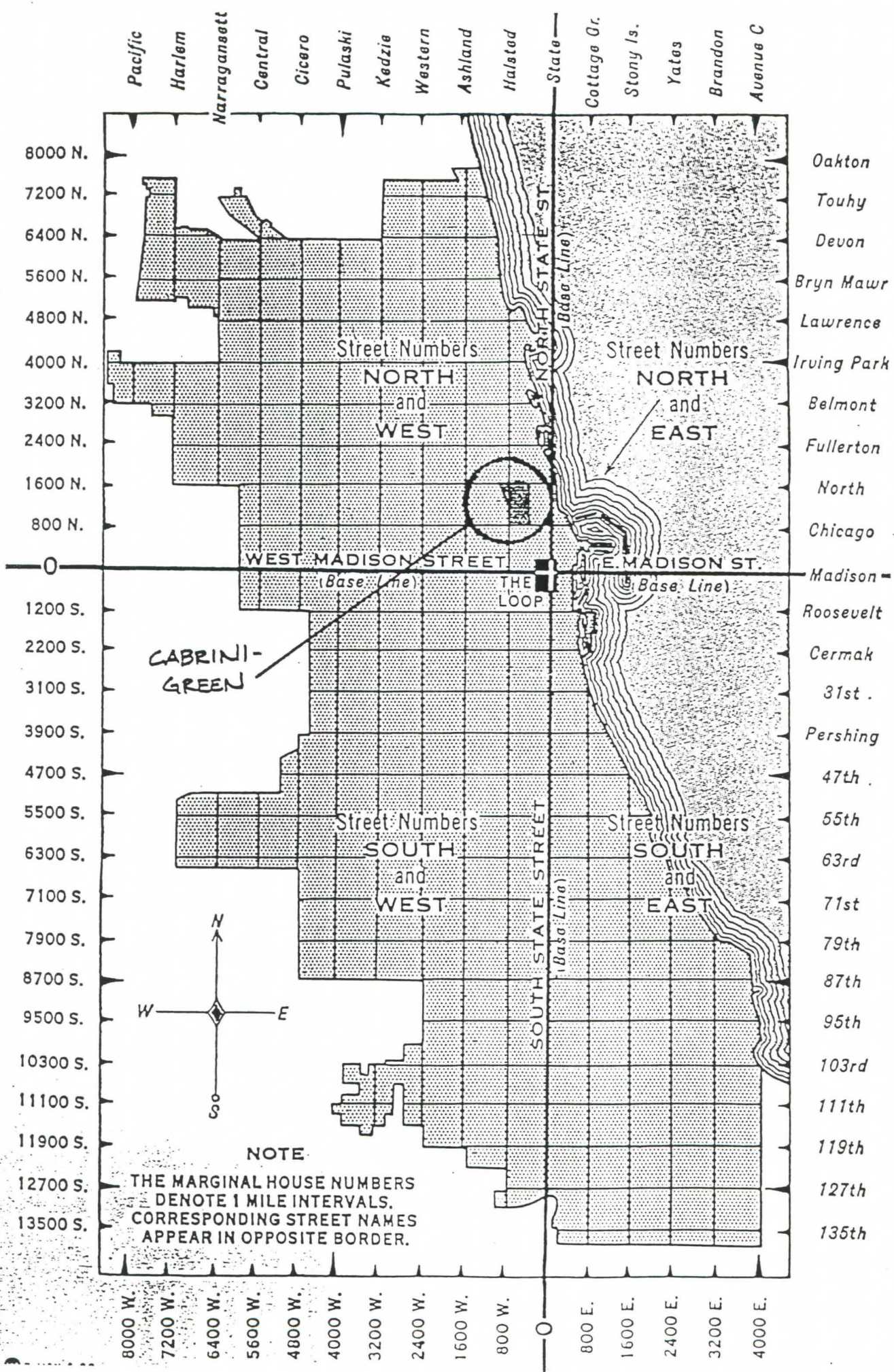
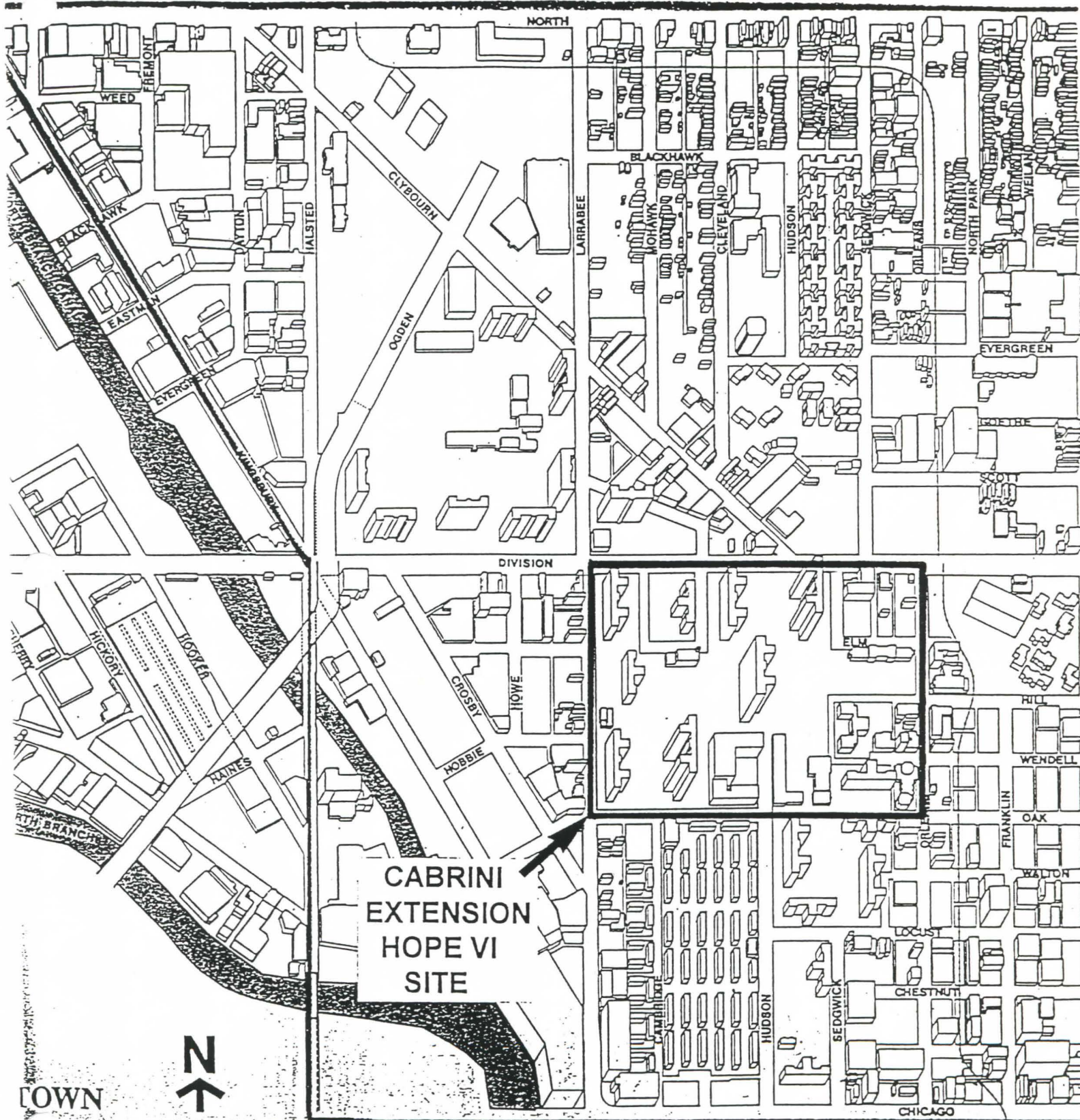


EXHIBIT B

350 West Hubbard Street
Chicago, Illinois 60610
(312) 527-5400
(312) 527-5863 fax



CABRINI HOPE VI PLANNING AREA

REQUEST FOR PROPOSALS - STEP TWO

AND

DEVELOPER'S PACKET

FOR

THE PLANNING, DESIGN & DEVELOPMENT

OF

MIXED INCOME HOUSING

FOR

**THE CABRINI HOPE VI URBAN REVITALIZATION
DEMONSTRATION PROGRAM**

IN

CHICAGO, ILLINOIS

Issued by:
The Habitat Company, as
Development Manager for the Chicago Housing Authority's
Cabrini HOPE VI Urban Revitalization Demonstration Program

350 West Hubbard Street
Chicago, Illinois 60610
(312) 527-5400
(312) 527-5863 fax

TURNKEY HOUSING DEVELOPMENT

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INVITATION FOR PROPOSAL

SECTION 1

You are invited to participate in the Turnkey method of development of Mixed -Income Housing units for Daniel Levin and The Habitat Company, as Development Manager for the Chicago Housing Authority's (CHA) Cabrini HOPE VI Urban Revitalization Demonstration Program, (hereinafter, "Habitat" or "Development Manager").

Proposals for the HOPE VI program are being considered for planning, design and development of up to 303 housing units designed for public housing plus additional market rate units.

The units are to be constructed on CHA property located at the Cabrini Extension development in the City of Chicago or (1) in a mixed income basis (2) within the HOPE VI Planning Area or (3) throughout the City of Chicago. As a part of the Turnkey Contract of Sale, the Turnkey Developer (hereinafter, "Developer") shall obtain control of CHA property prior to the commencement of construction and deliver the improved property or other privately owned property as per the Turnkey Contract of Sale, to the Development Manager at a fixed price.

The specific requirements for the submission of a proposal and a Developer's Packet for The Cabrini HOPE VI Program IL06-P802-143/160 containing full project information may be ordered in advance and picked up beginning at 12:00 a.m., October 9, 1995, during the hours of 8:30 a.m. to 4:30 p.m. from The Alfred Mossner Company, 137 North Wabash Avenue, Chicago, Illinois 60602, attention Jack Lee 312/372-8600. Fax orders to 312/372-2809. The non-refundable fee for the developer's packet is \$25.00, plus postage or delivery if necessary. Make checks payable to: The Alfred Mossner Company. Cash will be accepted by Mossner, as the fee.

Each proposal shall be evaluated on its individual merits. Habitat as Development Manager reserves the right to reject, accept, or request modification of any proposals submitted in response to this invitation.

A pre-proposal conference to review the information in the Developer's Packet shall be held:

Date: Wednesday, October 25, 1995

Time: 9:00 a.m.

Place: Presidential Towers

555 West Madison Avenue, The Madison Room

Chicago, IL 60661

Four individually sealed copies of the proposal shall be received at The Habitat Company, 350 West Hubbard, Suite 500, Chicago, Illinois, 60610, Attention: Lee Reid Jr., (312) 527-5400, on or before December 11, 1995, at 2:00 p.m. and will be opened at this time. No proposals will be accepted after that time.

SECTION 2

HOPE VI PROGRAM OVERVIEW

Cabrini Urban Revitalization Demonstration Program Overview

The Chicago Housing Authority (CHA) is a municipal corporation established pursuant to the State of Illinois Housing Authorities Act, 310 ILCS 10/1 et seq., and administers Federal Housing programs for lower income families. CHA receives certain funding from the United States Department of Housing and Urban Development (HUD) and is entitled to apply for funding to acquire, construct, modernize, maintain, and operate housing developments.

CHA was created in 1937 and is the second largest public housing agency in the United States. CHA's mission, as set forth in the 1937 charter, is to provide decent, safe and sanitary housing for the lower-income community. CHA owns about 40,000 lower-income public housing units located throughout the City of Chicago, with more than 90,000 residents.

CHA applied for and received approval of a \$50 million grant under the HOPE VI Urban Revitalization Demonstration Program for the revitalization of a portion of Cabrini Homes Extension. The Revitalization Plan provides for demolition of three high-rise buildings totaling 660 apartments:

1117-1119 N. Cleveland 262 units

1157-1159 N. Cleveland 136 units

1150-1160 N. Sedgwick 262 units

The HOPE VI Urban Revitalization Demonstration Program, funds large severely distressed public housing developments to test the theory of transforming Public Housing into models of successful affordable housing if HUD and the local Public Housing Agency were given sufficient freedom, flexibility and the funding. **Public Housing Agencies have been encouraged to go beyond the normal constraints of all prior modernization funding, which had required rehabilitation in place, and consider partial or total demolition, density reduction, mixed-income occupancy, public-private development partnerships, homeownership opportunities for residents, and other innovative and comprehensive approaches to creating viable communities.**

The maximum grant for the replacement housing cost of development under the HOPE VI program is \$40 million. Each HOPE VI program must also have a community service component designed to foster civic involvement by residents and acceptance of personal responsibility for community improvement and security, which will be administered by others and for which other funds are available.

The Habitat Company, the court appointed Receiver for all new CHA family development, is the Development Manager for the Cabrini HOPE VI Program.

HOPE VI Planning Area:

The Cabrini HOPE VI Planning Area is located on the Near North side of Chicago in an area commonly known as North Town. This square mile area bounded by North Avenue to the north, Wells Street to the east, Chicago Avenue to the south and The North Branch of the Chicago River to the west is almost entirely surrounded by affluent neighborhoods, and is approximately a mile from both the Loop and North Michigan Avenue. The population is approximately 13,429 of which 77.4% are African American. Many North Town residents live in subsidized housing, the majority living in the Chicago Housing Authority's Cabrini-Green Development. There are five (5) different neighborhoods that comprise the HOPE VI Planning Area. These neighborhoods include:

- The Wells Street and North Avenue Area (Northeast Quadrant): This area contains houses, two-flats and multi-family housing along with some commercial enterprises.
- River North Area (Southeast Quadrant): Renovated lofts provide space for businesses and retail uses in this district.
- Chicago Housing Authority's Cabrini-Green Development: The property covers about 70 acres and over 3500 dwelling units.
- Halsted/Kingsbury (Northwest Quadrant): This triangle area contains light industry, commercial enterprises, and renovated loft office space.
- Goose Island (West Quadrant): This island is occupied by heavy industry

HOPE VI PROGRAM OVERVIEW

HOPE VI Funding Area:

The HOPE VI Funding Area includes the following CHA buildings planned for demolition:

1117-1119 North Cleveland

1157-1159 North Cleveland

1150-1160 North Sedgwick

This 7.5 acre tract is bounded by Division Street to the north, Sedgwick Street to the east, Edward Jenner Public School to the south, and Cleveland Avenue to the west. These buildings are in the center of the Cabrini Extension Development and are surrounded by other Cabrini mid-rises/high-rises, Chicago Park District Property and two Chicago Public Schools.

Cabrini HOPE VI Program Objectives:

The HOPE VI Program envisions the creation of a mixed-income community where at least 50-60% of the new housing is occupied by unsubsidized (market rate) households, and the balance of the units (40-50%) are occupied by public housing eligible families.

In addition to responses to the redevelopment of the 7.5 acre funding area, Habitat is open to proposals that would change or enlarge the configuration of the HOPE VI Funding Area in order to improve marketability or for other reasons make available for public housing use, through the sale or long-term lease, or long term (40 year) lease dwellings constructed with private or other financing outside of Cabrini; exchange of land in order to provide fee-simple title for sale of units; and otherwise modify the Cabrini HOPE VI plan to enhance the prospects for creating viable, mixed-income communities. CHA-owned property can only be made available for private use under a 99 year land lease, renewable for a like term. The following is a list of specific objectives established for the Cabrini HOPE VI Program:

- **Land Ownership:**

CHA owns the 7.5 Acres designated as the HOPE VI Funding Area (see maps in Appendix). This property is not for sale. It is being offered under the terms of a 99 year lease with an option to renew for an additional 99 years.

- **Mixed-Income Development:**

The primary objective is to develop the HOPE VI Funding area and or other property for mixed-income, low-density housing . It may be all rental housing, or for sale housing as single family condominium, cooperatives, a combination of these, or other legal means of ownership. All new units funded under this program are to be privately owned and privately managed by the Developer or the Developer's management entity.

A minimum/maximum ranging from 40% to 50% of the total housing units must be leased long-term by the CHA for public housing eligible families. It is anticipated that 50% of the public housing units will be occupied by families with incomes ranging from 50-80% of the area median income (AMI). The remaining 50% of the public housing units will be occupied by families with incomes under 50% of AMI.

Public housing units must average approximately three-bedrooms, providing for units with one to four bedrooms in a mix approximating the proportion of various size units currently in the subject area (see #18 General Information). All public housing units must have a private entry and not be more than three-stories high. No elevators are permitted.

The public housing units must be integrated into the development and be indistinguishable from the market rate units from the exterior. Satisfactory evidence must be provided that the public housing and market rate units will be constructed simultaneously.

Development in the HOPE VI Funding Area should consist of an attractive land-use plan that physically blends into the residential fabric of the North Town Community, including sufficient green space, tot lots, and an effective traffic pattern.

HOPE VI PROGRAM OVERVIEW

- **Financing:**

The market rate units shall be financed privately by the turnkey developer.

The public housing units will be purchased by CHA with HUD funds or leased for a minimum of 40 years by CHA for public housing eligible families. A one time front end payment not to exceed the “unit price” in #18 below will be made to the owner plus monthly operating expenses. These units must be exempt from real estate taxes. Other financial structures utilizing the HOPE VI funds up to the stated “unit price” will be considered.

- **OFF-Site Housing Units:**

The total 303 units can not be replaced in a mixed-income environment within the HOPE VI Funded area. Therefore turnkey developers may propose other locations with public housing units as part of mixed income housing as replacements for units developed at the Cabrini Extension. These units may be in the Cabrini redevelopment area or other areas of the City of Chicago.

- **Private Management:**

The Turnkey Developer shall provide for quality professional management of the development after completion of construction and or marketing /sales. Experience in managing mixed income and /or low-income family housing shall be required.

GENERAL INFORMATION ON PROPOSALS

SECTION 2

1. Pursuant to Sections 4 & 5 of the United States Housing Act of 1937, the Department of Housing & Urban Development is providing financial assistance to CHA for the purpose of developing low-income housing units, under The HOPE VI Urban Revitalization Demonstration Program.
2. Proposals are requested for up to 303 units of new construction, on CHA's Cabrini Extension site identified herein including structure type and bedroom distribution, or for the purchase of existing or new units in or outside of the HOPE VI Planning area.
3. Units are to be developed under the HUD approved Turnkey Development Method. Developers will submit proposals in response to the Request for Proposal (hereinafter "RFP") attached herein and any addenda issued prior to the date proposals are due.
4. The Turnkey Development Method (hereinafter "Turnkey") presumes the following:
 - a. Developer will minimally build on land owned by CHA and controlled by Developer. The subject site is listed in the RFP. The Developer will also, if proposed, furnish existing and or newly constructed units in or outside the HOPE VI Planning Area on Developer acquired public or private property.
 - b. Developer's Architect will design the buildings, site layout, recreational areas, parking, off-street improvements, and similar requirements for a total project in cooperation with Habitat and HUD which shall include all design, construction criteria and requirements of this RFP.
 - c. It is the Developer's responsibility to provide all labor and materials, necessary and incidental, to obtain, secure, procure and pay for (or cause to be obtained, secured, procured and paid for) all local licenses and building permits as required, unless a waiver is obtained by Habitat. If a waiver is obtained by Habitat or the Developer, the amount of the waiver

shall be a credit to the Total Development Price (hereinafter, "Price").

Developer will pay for all connection and cut-off fees to utilities and other fees as required by the City, Building Department or Public Utilities. If a waiver of any fees is obtained by Habitat or the Developer, the amount of the waiver shall be a credit to the Price.

- d. Developer will coordinate and make all connections to public utility systems and will be responsible for the design, layout, fees, and construction of new infrastructure related to this program.
 - e. Developer will carry Builder's Risk, liability, fire and extended coverage and other bonds as shown on the minimum insurance schedule attached in Section 5.
 - f. Developer's proposal is presumed to include all requirements of the RFP,. Unless the Developer specifically excludes any requirements, or any part of this RFP, it is presumed that Developer has included all requirements.
 - g. Developer should refer to the Illinois Department of Revenue letter included in Section 2 regarding the exempt status of this project.
- 5. When completed, in strict accordance with the Contract for Long Term Lease, and ready for occupancy with proper occupancy permits, the units completed for public housing use will be transferred for use by eligible families.
 - 6. Developer must comply with all state and local laws and ordinances in relation to the development of the project. This includes State and local requirements relating to employment, obtaining bonds and licenses and code compliance.
 - 7. Development related contracts must provide for the payment of prevailing wages as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.
 - 8. HUD requires that if the successful Developer's preliminary design documents are reviewed and approved by the HUD Field Office, and the successful Developer, and Architect certify that any changes noted by HUD Field Office and the Development

GENERAL INFORMATION ON PROPOSALS

SECTION 2

Manager are incorporated into the construction documents, and the Development Manager in turn certifies same to HUD; the review of the preliminary design documents, the Developer Certification, and the Development Manager Certification shall be deemed sufficient to meet the requirement for construction document review. The requirement for preliminary design documents are part of Section 4 of the RFP, Drawing Requirements. More specifically, page 64 of the original RFP, HUD's Section 2, Article 9-13, Preliminary Drawings.

9. For general reference regarding program requirements, interested persons should consult the HUD Handbook for Public Housing, 7417.1 Rev. 1, published 5/88 (HANDBOOK).

A copy of the HANDBOOK will be on file for review by the public, by appointment only, at the offices of The Habitat Company, located at the address referenced below from the hours of 9 a.m. - 4 p.m., Monday - Friday.

10. Only written inquiries concerning the proposed project will be accepted and should be addressed to: The Habitat Company, Attention: Lee Reid Jr., 350 West Hubbard Street, Suite 500, Chicago, IL 60610.
11. Developer's Proposal (hereinafter, "Proposal") must contain all of the information requested in the Packet including acknowledgment of receipt and inclusion of all addenda issued prior to date Proposals are due. Habitat will determine a Proposal to be non-responsive if critical information is missing. No further consideration will be given to non-responsive Proposals.
12. In the event of minor omissions, as determined by Habitat, additional time may be granted beyond the deadline for Proposal submission. Developers who submit Proposals with minor omissions will be notified in writing and given five (5) business days to correct all the omissions. Due to the preliminary nature of Exhibit _____ and Exhibit ____ and unless specifically enumerated and identified in Proposal to the contrary, it is presumed that Developer has included all requirements of Section 8 of this RFP.
13. Developer's submission shall contain six (6) full copies of Proposal. The recommended Developer will immediately provide

six (6) additional full copies of Proposal for submission to HUD for review and approval. All documents which require signatures shall have original signatures on all of the first six (6) full Proposals. The recommended Developer will provide original signatures on all Previous Participation Certificates, (Exhibit "I" of the RFP (HUD form 5030)) in the six (6) additional full Proposals which will be submitted to HUD for review and approval.

13a. The following presentation material shall be mounted on three separate 20"x30" stiff board, with a white color and divided as follows:

20"

30"

Three boards of 20"x 30" shall be used for presentation purposes. The Developer shall mount three different drawings related to the proposal in the following manner:

- * The first board should be a site plan of the proposed development scheme with north at the top of the board. The scheme also includes streets, sidewalks, green space, playgrounds and other uses.
- * The second board should be the proposed floor plan of a typical unit assemblage and a floor plan of a typical apartment or dwelling unit.
- * The third board should contain the elevations of the proposed structures.
- * The name of the turnkey development team should only appear in the bottom right hand corner and be no larger than 6 x 8".

GENERAL INFORMATION ON PROPOSALS

SECTION 2

14. The screening and selection process will be completed by Habitat and will involve consideration by other groups such as: CHA, Cabrini residents, the City of Chicago, the Gautreaux Court, and other interested parties. HUD must approve of any selection.
15. Proposals must be received at the date, place and before the time specified in the Invitation for Proposals. If received after the time indicated, the Proposal will be rejected and returned with postage due and unopened. Proposals will be opened immediately after the time that they are due.
16. Equal Opportunity requirements, including Executive Order 11246, and HUD regulations issued pursuant to Section 3 of the HUD Act of 1960 (24 CFR Part 135) are applicable to this project. Copies of these documents will be available for review, by appointment only, at the offices of The Habitat Company, 350 West Hubbard Street, Suite 500, Chicago, IL, between the hours of 9:00 a.m. to 4:00 p.m., Monday thru Friday.
 - a. The City of Chicago goals of 25% MBE and 5% WBE participation should be a minimum goal of the Developer. Developer proposals are encouraged to provide a plan in their RFP responses in excess of the minimum.
 - b. The Developer must comply with the Gautreaux Decision a class action suit filed against CHA and HUD. The federal court order directed the following standards for all new development of public housing in Chicago.
 - *New public housing could not comprise more than 15% of the total housing units in an area,
 - *Housing must be built in census tracts with less than 30% African-American population , and
 - *No more than 30 units per site could be built.

In an exceptional economically integrated development a waiver to the Gautreaux Decision is possible. These standards impact the location of any units outside the HOPE VI Planning Area. Habitat intends to apply for court approval of any mixed income development within the HOPE VI Planning Area.

17. **Selection Criteria:** Habitat will use a selection criteria based on a 162 point rating system. The maximum number of points per category is shown in brackets.

A. **Site Plan & Layout (6 Points):** The extent that the site plan provides landscaping, open spaces, and outdoor recreation areas, and promotes economical project construction and maintenance.

B-1. **Overall Project Design Objectives (4 Points):** The extent that the proposed housing meets the special planning requirements and design criteria and the functional objectives indicated in the Packet.

B-2. **Architectural Treatment (4 Points):** The degree to which the aesthetic design and placement of buildings complements adjacent development, and the building and unit and layouts provide functional housing arrangements.

B-3. **Special Design Features (4 Points):** The degree to which the design incorporates features that provide for efficient project operations, lower maintenance costs, and the safety and security of the occupants.

B-4. **Quality of Construction and Materials (4 Points):** The extent that durable, low maintenance construction material and equipment will be used.

B-5. **Energy Savings Features (4 Points):** The extent that the design provides for long-term energy savings by incorporating the use of energy efficient materials, such as insulation, windows, efficient gas furnaces, and similar equipment.

C. **Developer's Qualifications (20 Points):** Habitat will evaluate the previous experience of each developer and contractor in housing construction and their capability to complete the project. The Developer's commitment to Affirmative Action, as requested in Exhibit VII, will be evaluated under this selection criteria item.

GENERAL INFORMATION ON PROPOSALS

SECTION 2

- D. **Developers Price (30 Points):** A Proposal will be considered as average, if Price excluding financing (interest costs) is between 90% and 100% of the median Price for all responsive turnkey proposals; poor, if the Price is more than 110%; and superior if the Price is less than 90%.
- E. **Bonus Factors (66 Points):** For the non-public housing units or off-site public housing units, the following factors will be considered:
1. **Economic Feasibility and marketability of the proposal (30 Points):** Evidence of financing and market acceptance of the product and price should be provided.
 2. **Price (10 Points):** Price offered for the leased land and proposed monthly operations fee for the public housing units will be considered (10 Points).
 3. **Additional public housing units off-site development (26 Points):** This Factor will be judged by the same criteria of the overall project. Items A and B-1 through B-5 above. Depending on the number of units provided, the total points for this section will be proportioned based on a ratio of the new off site units to the total.
- F. **Bonus Factors (20 Points: Qualifications of the private management entity** - The experience and capacity of private property managers will be evaluated. The level of demonstrated professionalism, quality of maintenance of property currently managed, depth of staff, and experience with low income/mixed income multi-family management will be evaluated in this category.

18. Building Types and Budget

Detached/Semi-detached 30

TOTAL **303**

Recommended Public Housing Unit Distribution

1 bedroom	2 bedroom	3 bedroom	4 bedroom	Total
30	62	181	30	303
10%	20%	60%	10%	100%

Maximum Price Per Unit:

Unit Type	Maximum Price
1 Bedroom Rowhouse	\$71,000
1 Bedroom Semi-detached	\$79,000
2 Bedroom Rowhouse	\$88,000
2 Bedroom Semi-detached	\$99,000
3 Bedroom Rowhouse	\$107,000
3 Bedroom Semi-detached	\$120,000
4 Bedroom Rowhouse	\$130,000
4 Bedroom Semi-detached	\$145,000

GENERAL INFORMATION ON PROPOSALS

SECTION 2

- * Of the 303 total public housing dwelling units, HUD requirements stipulate that 20% units must be accessible per the Uniform Federal Accessibility Standards (UFAS) to the physically handicapped, and 2% additional units must be equipped with devices for the visually and hearing impaired. It is the responsibility of Developer to comply with all other handicapped accessibility and adaptability requirements (including visually handicapped and hearing impaired) as mandated by applicable codes.

- * Public housing units must average approximately three-bedrooms, providing for units with 1, 2, 3 and 4 bedroom units and some four-bedroom units. The proposal ratio must be similar to the recommended unit mix above. All public housing units must not be more than three-stories high, have a private entry and be integrated into the development and indistinguishable from the market rate units from the exterior.
- * The market rate units shall be financed privately by the Developer.

The maximum price per unit above is based upon currently approved Federal funding for these programs.

For the purpose of this RFP, the following definitions will apply to each building type:

- | | | |
|---------------|---|--|
| Town/Rowhouse | - | Three or more units with each unit having two separate entrances to the exterior. No common hallways will be permitted. |
| Semi-Detached | - | Two units either one or two story side-by-side or a two story one over one with each unit having two separate entrances to the exterior. No common hallways. |
| Detached | - | Single Family Residence of one or two stories having two separate entrances to the exterior. |
| Walk-up | - | A multi-level structure containing two or more living units, each separated by vertical walls, and generally having individual entrances and interior stairs. These are permissible only in buildings proposed for off site use. |

SECTION 3

FORMAT FOR SUBMISSION OF PROPOSALS

Date:

To: The Habitat Company

350 West Hubbard, Suite 500

Chicago, Illinois 60610

Attn: Cabrini HOPE VI Program

Re: The Planning, Design, and Development of Mixed Income Housing

for the Cabrini HOPE VI Urban Revitalization Demonstration Program

Turnkey Development Proposal

In response to your Invitation for Proposals including addenda # ____, # ____ and # ____, to develop mixed-income housing under the turnkey method, we are pleased to submit the following proposal(s):

1a. HOPE VI Site (New Construction): We will furnish ____ units in Detached/Semi-detached and or Town/Rowhouse buildings, on land currently owned by the Chicago Housing Authority at the addresses indicated by Habitat herein, on the following properties:

<i>ADDRESS</i>	<i>DIMENSIONS</i>	<i>APPROX.</i> <i>ACREAGE</i>
1117-1119 N. Cleveland	388' x 554'	2.5

<i>ADDRESS</i>	<i>DIMENSIONS</i>	<i>APPROX. ACREAGE</i>
*1157-1159 N. Cleveland	463' x 239'	5.0
*1150-1160 N. Sedgwick		
Totals	325,609 S.F.	7.5

*Contiguous Property

- 1b. Existing Units: We will furnish _____ units in an existing development currently owned and financed by a private entity to be leased at the addresses indicated below:
- 1c. OFF-Site (New Construction): We will furnish _____ units within a mixed income development within the HOPE VI Planning Area and or outside of the HOPE VI Planning Area to be acquired or leased, on the following properties:
- 1d. Planned Residential Development: We will provide the necessary information for the Planned Residential Application for the HOPE VI funding area and take the responsibility for submitting and obtaining approval from the City at an OFF-Site development if applicable.
2. Site Data: Soil borings and a survey are not available at this time, but we have assumed within a proposal cost the removal of products of demolition and existing foundations to at least 4' below grade.

The utility improvements will be in accordance with the fuel and energy systems specified in the Developer's Packet. If an alternative to the systems specified in the Developer's Packet is proposed, a full explanation is attached as Exhibit "II" (if required), a completed HUD form 51994 is also attached, and a statement indicating that if the alternative system is not accepted, whether the Developer will proceed with the systems specified in the Developer's Packet.

SECTION 3

FORMAT FOR SUBMISSION OF PROPOSALS

The energy improvements will be in compliance with the Council of American Builders Officials Model Energy Code, 1989/1992, (CABO Model Energy Code). We have reviewed the "Applications Worksheet", "Interpretive Requirements" form, "Trade-Off Worksheet" and "Equations and Specific Requirements" form. If selected as the successful Developer, the Worksheets will be completed and submitted with the working drawings as evidence of our compliance with the CABO Model Energy Code.

We have reviewed the entire Packet for a description of the proposed housing, drawing requirements, design criteria and special planning requirements and Section 4 of the Packet for Drawing Requirements. The attached Exhibit ____: Preliminary Drawings; and Exhibit ____: Outline Specifications (HUD Form 5087 and Section 6 and 8 of the RFP) which is incorporated as a part of Exhibit ____; reflect our compliance with these requirements unless specifically identified and noted otherwise.

At a minimum this includes the following:

- a. A practical and architecturally sound site layout drawn to scale based on the topographical information available from existing records.
- b. Typical unit plans for each building type drawn to scale.
- c. Description of foundation type.
- d. Typical wall section and description of construction.
- e. Description of proposed landscaping, fencing, and site improvements.
- f. Building and Unit Data including building footprint, gross and net square footage (excluding the second level of stairways and tenant and management bulk storage) for each unit type, building program and entire project.
- g. Indication of facade variation proposed for adjacent sites.

We are responsible for delivery of the improvements in good and tenantable condition and in full and strict compliance with all applicable codes, laws, ordinances and regulations and any Habitat and/or HUD requirements contained herein.

3. Architectural and Engineering Services associated with the development of this project, including but not limited to the preparation of all drawings and specifications, consulting, technical supervision, and all other planning and design requirements will be provided by this Developer. It is fully realized and understood that any Habitat or HUD approval does not and will not impose any liability therefore or constitute an assumption of responsibility by such party for design compliance, attest to the accuracy of details or dimensions, nor shall such review or approval relieve the Architect, Engineer or Developer of responsibility therefore. Plat of survey and soil test information shall be provided by Habitat; responsibility for designs rest with the Developer with no increase in Price.

4. Financing, Taxes, Closing Costs. This Developer will provide for interim financing, applicable closing costs, (if any) and all other expenses necessary to complete the development and sale of the improvements to CHA.

The Developer shall provide Habitat with copies of interim financing draw submittal to lender, so that Habitat can track completion percentages and subcontractor requests.

5. The Total Development Price for ____ units is \$_____, and is itemized as follows:

Program Cabrini HOPE VI Urban Revitalization Demonstration Program

- | | |
|-------------------------------------|---------|
| 1. Site Improvements | \$_____ |
| 2. Dwelling Construction | \$_____ |
| 3. Dwelling Equipment | \$_____ |
| 4. Non-Dwelling Construction | \$_____ |
| (Storage Sheds Only; when separate) | |
| 5. Non-Dwelling Equipment | \$_____ |
| 6. Architectural & Engineering | \$_____ |
| 7. Cost of providing Section 3 | \$_____ |
| and Employment Opportunities | |
| 8. Financing Fee | \$_____ |
| 9. Interest Cost* | \$_____ |
| 10. Title & Recording Fees | \$_____ |

11. Legal	\$ _____
12. Local Real Estate Taxes*	\$ _____
13. Building permit and utility hook-up fees	\$ _____
14. Developer's Fee	\$ _____
15. Land Value (Off site only)	\$ _____
16. <u>T O T A L :</u>	\$ _____

* From time of closing on the sale of property to Developer until final settlement for property.

The Total Development Price is our maximum price and the prices and terms will be held as firm and fixed for a period of 270 days (or after August 9, 1996, whichever is later) from the closing date for receipt of proposals.

If the Contract for Long Term Lease is not signed by August 9, 1996, the price will increase no more than the Cost of Living Index for Chicago Urban Consumers, adjusted monthly, for an additional six (6) months.

We understand that the Total Development Price is subject to the following modifications:

- a. At the time of Contract of Long Term Lease, the maximum price that can be approved is the lower of:
 1. Revised price as submitted by the Developer,
 - 2.* Original proposal price as updated by HUD,
 - 3.* The project Replacement Cost identified by HUD.

* HUD has indicated that they no longer use items #2 and #3.
- b. The price stated in the Turnkey Contract for Long Term Lease shall be adjusted downward to reflect our actual interest cost.
- c. In the event that estimated building permit fees in Item 13 above are exempt or abated after the execution of Turnkey Contract of Sale, the amount applicable shall be subtracted from the total purchase price at settlement.

11. Legal	\$ _____
12. Local Real Estate Taxes*	\$ _____
13. Building permit and utility hook-up fees	\$ _____
14. Developer's Fee	\$ _____
15. Land Value (Off site only)	\$ _____
16. <u>T O T A L :</u>	\$ _____

* From time of closing on the sale of property to Developer until final settlement for property.

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* HUD has indicated that they no longer use items #2 and #3.
- b. The price stated in the Turnkey Contract for Long Term Lease shall be adjusted downward to reflect our actual interest cost.
- c. In the event that estimated building permit fees in Item 13 above are exempt or abated after the execution of Turnkey Contract of Sale, the amount applicable shall be subtracted from the total purchase price at settlement.

d. Cost Breakdown by Building Type and Unit Size:

Bedroom Size and Type	# of Units	Cost Per Unit	Total Cost Per Building Type
1 Bedroom Rowhouse		\$	\$
1 Bedroom Semi-detached		\$	\$
2 Bedroom Rowhouse		\$	\$
2 Bedroom Semi-detached		\$	\$
3 Bedroom Rowhouse		\$	\$
3 Bedroom Semi-detached		\$	\$
4 Bedroom Rowhouse		\$	\$
4 Bedroom Semi-detached		\$	\$
TOTALS		\$	\$

6. Development Schedule in calendar days is as follows:

From notification of successful Developer to completion of Construction Documents: 56 days (8 weeks).

From notification of HUD's acceptance of Construction Documents to Contract Award Documents:
_____ days

From Property Sale to Developer to Completion and Transfer of the Project: _____ days.

There are provisions for staged delivery of units and staged settlement under this program. All punch list items, except for seasonal opportunity items, need to be completed before any stage settlement.

7. We shall start construction within 30 days after written notice to proceed with construction and within ten (10) days of issuance of a building permit, whichever is sooner, but not more than forty-five (45) days after signing of the Turnkey Contract for Sale. We expect to complete the total project within _____ days after the start of construction.
8. Regarding this Project, we agree to comply with HUD equal opportunity and labor requirements, including Executive Order 11246 and Section 3 of the HUD Act of 1986, to the greatest extent feasible, we will:
- a. Give opportunities for training and employment to lower income persons residing in Chicago, and;
 - b. Award contracts to business concerns which are located in or owned in substantial part by persons residing in Chicago, and;
 - c. Pay any and all employees associated with this project, prevailing wages as provided for in the U.S. Department of Labor General Wage Decision No. IL950009, Modification No.1, Publication Date 3/17/95, attached herein. (Note: The actual General Wage Decision incorporated into the signed Turnkey Contract of Sale must be dated no earlier than six months prior to execution of Turnkey Contract.)
9. We understand upon completion of the project we will manage or provide a management entity for the mixed income development. Please find attached our (or the management entity) qualifications for the management of the development after completion.
10. We have attached the following Exhibits to this Proposal:
- EXHIBIT - Previous Participation Certification (HUD Form 5030) (ORIGINAL SIGNATURES ONLY)
 - EXHIBIT - Contractors Qualification Statement (AIA Form A305)
 - EXHIBIT - Statement of Developers Experience
 - EXHIBIT - Personal Financial and Credit Statement (HUD Form 92417)
 - EXHIBIT - Credit Report Authorization
 - EXHIBIT - Certification of Compliance with the Clean Air Act and Federal Water Pollution Control Act
 - EXHIBIT - Developer Certification of Non-Discrimination, Prevailing wages and Contract Knowledge
 - EXHIBIT - Outline Specifications (HUD Form 5087) and Section 6 and 8 of the RFP
 - EXHIBIT - Life Cycle Cost Analysis of Utility Combinations (HUD Form 51994)
 - EXHIBIT - Drawings

11. The entire project as proposed will be completed in conformance with the terms of the Standard Form Turnkey Contract of Sale - HUD Form 53015 adapted for a Long Term Lease.

Sincerely yours,

By: _____

Name

Title

Company

Address

Cabrini
Hope 6

ISSUES CONCERNING STEP TWO OF THE REQUEST FOR PROPOSAL

THE CABRINI HOPE VI URBAN REVITALIZATION DEMONSTRATION PROGRAM

The following is a list of issues that need to be addressed, before STEP-TWO of the aforementioned RFP is completed:

Request for Proposal concept:

Will the RFP be turnkey or conventional?

Although all of the current land is controlled by CHA, will we acquire land for a modified turnkey type development (Orleans and Division site). We are also relying on the developer to provide property and other existing units.

What happened to the Development Competition?

Finance:

The hard units will be financed by federal funds from the HOPE VI Grant and Gautreaux funds. What financial mechanisms will there be to construct the market rate units to create a mixed-income environment.

- Will CMHDC issue bonds?
- Will the developer have sole responsibility for devising a financial scheme to create the market rate units?
- Infra-structure costs. Who pays?

Site Development:

On several occasions we have discussed a broader plan than what is detailed in the original HOPE VI application. The original HOPE VI site only includes the land area of the affected buildings. The area we have been using for planning purposes goes beyond the affected buildings encompassing privately owned property, Chicago School district property, and Chicago Park district property. This area to my knowledge has not been discussed with the residents of the affected area. In STEP-TWO of the RFP do we want the developers to plan specifically for the affected site or the broader site we have discussed.

Example:

- Scenario 1
Planning, Design and Development of the buildings and area for
1117-19 N. Cleveland, 1150-60 N. Sedgwick, 1158 N. Cleveland, 1157-59 N. Cleveland
- Scenario 2
Planning, Design and Development of the building and area bounded by Orleans St. to the

East, Division Avenue to the North, Oak Street to the South and Hobbie Street to the West.
Additional demolition?

Should we use Scenario 2, the issue of additional demolition of buildings that have not been publicly discussed in prior plans may pose a problem.

Division of Responsibilities:

Currently the formal role of the Habitat Company (THC) has yet to be clearly defined, although on the request of HUD we were informed to include THC as the development manager for the Cabrini HOPE VI Urban Revitalization Demonstration Program. To date CHA/HUD/CMHDC have been negotiating with the City of Chicago, the Park District, and private developers concerning additional vacant land and housing units.

The following questions need to be addressed before STEP-TWO of the RFP is issued:

- What is the Habitat Company's formal role as the Development Manager for HOPE VI?
- What entity will negotiate for vacant land and units?
- Who will convey instructions to the developer?
- Who will convey development information to the residents, and what will be the extent of participation the residents have in the development process?
- Who will manage the planning process?

HUD Section 3 Requirements:

It appears HUD/CHA would like to go beyond the general requirements of section 3, which we adhere to in our previous RFP's. Goals, percentages and the correct language for additional requirements need to be established.

Social Service Activities:

Will the developer have the responsibility for financing and constructing a community center, and collaborating with the CHA in the design of a demonstration program to create opportunities for educational advancement in public housing, such as through a campus community, including wiring selected public housing facilities with computer connections and a computer learning center.

- What are the parameters of the Homeownership program and will the developer be involved?

- Will the Habitat Co. be involved?

Land-Use and Units:

It has been mentioned that we produce three or more schemes on the HOPE VI site, showing possible unit counts. To maximize creativity from the plans of the developers, why would we do this?

Do we want to create park space or should the developer be responsible?

Should the developer be responsible for infrastructure construction?

HUD/CHA has continued to negotiate with the City, the Park District and MCL for available land and units. Bob Prescott and HUD negotiated 13-18 units from MCL at the Mohawk north site. They will negotiate for more units at the Oscar Meyer site. Are these units included in the 303 hard units.

The Orchard Park units?

PUD area?

Development of land west of Larrabee?

Publicly Cisneros stated "No public housing land will be sold". But Schulinder says not to rule out selling land. To sell or not to sell?

What type of housing mixture is HUD/CHA looking for ?

What is the minimum percentage of public housing unit on a site?

Department of Housing and Urban Development
Secretary's Representative



November 14, 1995

Distribution: 11/17/95 kac
Executive Offices
J. Shuldiner
A. Vargas
J. Nelson
E. Means
Dr. C. Adams
H. Holton
M. Johnson
R. Monacchio
D. Moore

S. Oriadhi
Pistilli/Owens
B. Prescott
A. Rodriguez
A. Rutyn
File

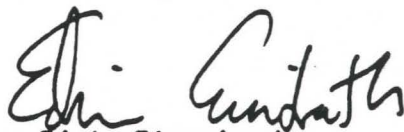
Mr. Daniel Levin
Chairman
The Habitat Company
350 West Hubbard Street
Chicago, IL 60610

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
Secretary's Representative

Copy to Joe Shuldiner

October 18, 1995

CABRINI HOPE VI RFP

ISSUES FOR DISCUSSION WITH JOE SHULDINER

1. Expand to include area west of Seward Park? (and/or other contiguous vacant CHA land)?
2. Does the 40-50% P.H. ratio apply to off-site developments?
3. Who owns the new units on CHA land?
4. 493 vs. 303 units - 303 Hope VI units + 190 Scattered Site units = 493 total units?
5. Are other Cabrini buildings available for purchase/lease or demolition?
6. Should all replacement housing units be put into the Hope VI planning area?
7. Should developers be permitted to "enlarge the configuration of the Hope VI Funding Area?"
8. Should the RFQ allow elevator buildings as permitted in The Public Housing Handbook?
9. Private Management vs. Resident Management?
10. The Habitat Company - responsibility and authority regarding the Hope VI Program?
11. Preference for developers to include as many of the 303 replacement units in the Hope VI Funding Area (selection criteria)?

Cabrini

CHICAGO HOUSING AUTHORITY
HOPE VI/CABRINI GREEN
MEMORANDUM

TO: Edwin Eisendrath, HUD
Valerie Jarrett, Habitat
Phil Hickman, Habitat

Richard Wheelock, LAF
Andrew Rodriguez

FROM: Eileen Rhodes, Program Coordinator *ER*

DATE: November 30, 1995

SUBJECT: Development Team RFP Review
Resident Consultation Process

As you know, the CHA has made a commitment to the Cabrini Green residents that they will have a significant role to play in selecting the development team(s) and proposals for the HOPE VI replacement housing. In that regard, we have committed to assisting the residents to assemble a team of technical advisors and to give them several seats on the Development Team Screening Committee.

Regarding the residents' RTA team, I am very pleased to report that we have been working closely with the LAC and the planning committees to identify the architect/engineer and real estate developer members of their RTA team. To date, the LAC has identified their legal counsel and their A/E advisor. We are now working with the residents to identify their real estate developer advisor. On December 15, the CHA Executive Committee will authorize the CHA/HOPE VI staff to negotiate contracts with the RTA team. When the RTA team is in place, they will work with the LAC to establish the best strategy for reviewing the RFPs and developing their recommendations/counter proposals.

I would appreciate your comments on the following review process timeline. This is taken for the most part from the timeline originally proposed by Habitat and the modifications suggested by Mr. Shuldiner. Please note, this timeline with a rather protracted initial review period, assumes the receipt of several proposals. Should we receive only 3-4 proposals, Mr. Shuldiner has requested that we accelerate the timeline by one-two weeks.

DEVELOPMENT TEAM/PROPOSAL REVIEW TIME LINE:

December 12: Recommendation to Executive Director by LAC of Resident Technical Advisor Team and budget. Contracts to be negotiated and approved by CHA legal department on accelerated schedule.

December 15: Ratification of RTA contracts by Executive Advisory Committee.

December 20: RFP responses submitted to Development Manager.
One copy of each proposal forwarded to the HOPE VI office
One copy of each proposal forwarded to the LAC

January 12: Development Manager requests minor omissions from developers

January 19: Minor omissions submitted

February 9: Development Manager evaluates and ranks proposals

From the point at which the proposals are submitted to the LAC, their RTA team will be meeting with the residents on a regular basis to review the proposals and to develop their questions and recommendations. Any questions from the residents and their team will be directed to and answered by the HOPE VI staff.

February 12: First meeting of the Development Team Screening Committee:

--Development Manager will present their evaluations and preliminary ranking to the committee for their review.

--The members of the Committee are still to be determined. Mr. Shuldiner recommends the following members:

- * Mayor's Office: Rosanna Marquez
- * CHA: Andrew Rodriguez
- * HOPE VI: Program Manager
- * 2 Community Representative--TBD
- * Cabrini Residents

--The residents' advisory team will be present at all meetings of the committee to raise questions and concerns. They will not have a vote on the committee.

Feb 19-23: Development Team Screening Committee holds several sessions to review evaluations and rankings and to develop the preliminary redevelopment plan drawing on the various proposals. By the end of these sessions, finalists will be identified and interviews will be scheduled.

Feb 26-27: Finalists will meet with Screening Committee. The purpose of these meetings will not be to negotiate the specifics of each proposal but to work out ways to coordinate proposals and develop the overall plan.

Feb 27-Mar 1: Committee comes to consensus (majority vote) on the recommendation to be prepared by the Development Manager for review by the CHA Executive Director.

Mar 5-8: Development Manager prepares and submits their recommendation to CHA Executive Director.

If the LAC objects to the committee's recommendation, they will prepare their own recommendation for submittal to the Executive Director.

Mar 8-16: The CHA Executive Director will review the Committee's recommendation and any objections/modifications proposed by the LAC.

This may be the point at which a Town hall Meeting is held to review the recommendation so that the Executive Director can incorporate the views of the community into the final plan.

Mar 18-29: Following the direction of the Executive Director, the Development Manager and HOPE VI staff will complete the Revised Revitalization Plan for submission to HUD.

Mr. Wheelock of LAF has made a strong request that the LAC be represented at any meetings held between the CHA and the Development Manager/RFP respondents which may significantly impact the outcome of the review process. Only in this way does he believe that we can avoid the situation that occurred when the last RRP was presented to the residents as a fait accompli. I believe that, given the caliber of the team being assembled to advise the residents, their contribution will be of great use in assessing and combining the proposals. I am also confident that the resident consultation process will not jeopardize our ability to meet the proposed time line.

CONTACT: Jeanne Crowley, HUD
353-1134

Wynona Redmond, CHA
791-8513

**THE CHICAGO HOUSING AUTHORITY AND THE HABITAT COMPANY
RECEIVE PROPOSALS TO REDEVELOP CABRINI-GREEN**

FOR IMMEDIATE RELEASE

December 21, 1995

Ten proposals to redevelop part of the Cabrini-Green community were submitted yesterday to the Chicago Housing Authority (CHA) and its Development Manager, The Habitat Company, in response to the Department of Housing and Urban Development's \$50 million HOPE VI revitalization program for Cabrini-Green.

In October of this year, CHA's new management team invited qualified groups to develop plans to revitalize the Cabrini-Green community after HUD earlier this year rejected an incomplete HOPE VI proposal by CHA's previous administration to transform part of the Cabrini-Green community.

The 10 proposals will be reviewed by the Development Manager and a Screening Committee made up of Cabrini-Green residents, and representatives from the Cabrini-Green community, the City of Chicago, the CHA and the HOPE VI program office. Among other things, each proposal will be ranked according to how it meets specific criteria, including the planning, design, construction and development of up to 493 family units of public housing mixed with market rate private housing.

The Development Manager will forward its recommendation on a redevelopment plan to Joe Shuldiner, executive director of the CHA, in late March, 1996, following the comprehensive review period. The CHA and the Development Manager will then complete a final HOPE VI proposal for Cabrini-Green, called a Revised Revitalization Plan, for submission to HUD in April, 1996.

"We're pleased to have received so many proposals and look forward to working with the Development Manager and the Screening Committee to carefully review all of the proposals," said Shuldiner. "It would be premature to comment on any proposal until we've had a chance to review and evaluate all of them."

MORE

The list of the 10 teams that submitted proposals is attached.

The following outlines the process by which the proposals will be reviewed and a HOPE VI Revised Revitalization Plan will be prepared for HUD. The target date for completion of these activities is April 1.

- Cabrini-Green revitalization proposals submitted to the Development Manager on December 20.
- The Development Manager will present its evaluations and preliminary ranking to the Screening Committee for review.
 - ~ Screening Committee members include:
 - CHA Development: Andrew Rodriguez
 - HOPE VI Program: Eileen Rhodes
 - Mayor's Office: Rosanna Marquez
 - Community Representatives (2)
 - Cabrini Residents (4) (The residents' Technical Advisor will also be present)
 - City Department Representatives
- The Development Manager will lead the Screening Committee through several sessions to review evaluations and rankings and to develop the preliminary redevelopment plan, drawing on various proposals, as needed.
- During the review period, a HOPE VI Town Hall meeting will be held to present an overview of the proposals to the community.
- Following the Screening Committee meetings and the Town Hall meeting, the Development Manager will prepare its recommendations for submittal to the CHA executive director.
- Any Screening Committee member may also prepare his or her own recommendations for submittal to the executive director. All Screening Committee members must submit their recommendation by a firm deadline.
- The CHA executive director will review the Development Manager's recommendation, as well as recommendations by other Committee members.
- Under direction of the CHA executive director, the Development Manager and the HOPE VI staff will complete the Revised Revitalization Plan for submission to HUD.

###

NEWS FROM THE HABITAT COMPANY

For Immediate Release:

December 21, 1995

Contact: Marilyn Katz
312/822-0505

FINAL PROPOSALS IN ON CABRINI REDEVELOPMENT

CHICAGO (December 21, 1995) – The second and final phase of bidding on the opportunity to rebuild and restore one of the nation's most notorious public housing projects was completed today when 10 developers submitted proposals detailing their plans for the redevelopment of Cabrini Green.

The Developers who submitted bids are:

Enterprise Development Company – a joint venture of Bauhs Dring Main, Ltd., Matrix Engineering, Inc. and UBM Engineering;

Tyree and Company – a joint venture of ALB Construction Co. and Vernon Williams Architects;

New England Builders, Inc. – a joint venture of Solomon Cordwell Buenz & Associates and Urban Works, Ltd.;

Landon Architects, Ltd. – a joint venture of The Thrush Companies and Neighborhood Housing Services of Chicago;

North Town Community Partnership – a joint venture of DePaul University, MCL/ASD L.L.C., New City YMCA and the North Town Community Congress;

Gelick Associates, Inc.;

Triad Consortium, Ltd – a joint venture of Property Management One, Ltd., E.C. Purdy & Associates, and Vee Enterprise;

Clybourn Park Associates – a joint venture of The Shaw Co., Metroplex Inc., Nagle, Hartray, Danker, Kagan, McKay, Johnson and Lee, Ltd., The Lakota Group, Inc., Peter Lindsay Schaudt Landscape Architecture, Ltd, and Metro Transportation Group, Inc.;

Urban Equities, Inc/City Lands Corp. – a joint venture of Lisec and Blederman, Ltd., Linn-Mathes, Inc., and Best American Builders;

Whitman Architecture and Construction with Nathan Kipnis Architects.

"We are extremely pleased with the number and apparent quality of the bids" said Valerie Jarrett, Executive Vice President of The Habitat Company. "We are looking forward to reviewing them and moving forward with the process. The whole country is watching to see what happens at Cabrini Green and we are very excited by the challenge."

###

THE CABRINI HOPE VI URBAN REVITALIZATION DEMONSTRATION PROGRAM

Program Overview:

The Cabrini HOPE VI Urban Revitalization Demonstration Program is a \$50 million initiative -- funded by a HOPE VI grant from the U.S. Department of Housing and Urban Development (HUD) and under the development management of The Habitat Company -- to rehabilitate a portion of Cabrini Homes Extension on Chicago's near north side. The Program entails the demolition of three Cabrini highrises containing 660 apartments and replacing them with 493 units for public housing-eligible families in mixed-income developments both at the Cabrini site, in the surrounding community and/or at eligible locations elsewhere in the Chicago metropolitan area. An additional 167 Section 8 certificates will also be provided. Of the \$50 million, only \$40 million can be used for replacement housing, with the remaining \$10 million available for community and supportive services for residents.

The purpose of the program is to demonstrate that large severely distressed public housing developments can be transformed into models of successful affordable housing if HUD and local public housing authorities (PHAs) are given sufficient freedom, flexibility and funding. Whereas prior modernization funding had required public housing authorities to rehabilitate in place, HOPE VI encourages PHAs to go beyond normal constraints and consider partial or total demolition, density reduction, mixed-income occupancy, public/private development partnerships, homeownership opportunities for residents, and other innovative and comprehensive approaches to creating viable and sustainable communities.

HOPE VI Planning Area:

The Cabrini HOPE VI planning area covers one square mile in the North Town area. It is bounded by North Avenue, Chicago Avenue, Wells Street and the north branch of the Chicago River and is comprised of four different neighborhoods, including Wells Street and North Avenue; River North; Halsted/Kingsbury; and Cabrini Green.

The planning area includes the HOPE VI Funding Area, which covers 9.3 acres surrounding the three Chicago Housing Authority buildings that will be demolished in the initiative -- at 1117-1119 and 1157-1159 North Cleveland and 1150-1160 North Sedgwick. The site is bound by Division Street, Sedgwick Street, Cambridge Avenue and Edward Jenner Public School.

Program Objectives:

The Chicago Housing Authority is seeking through the Cabrini HOPE VI Demonstration Program proposals of sufficient magnitude and imagination to help change the image of public housing at Cabrini, and to offer low-income families housing options in mixed-income communities. The program objectives include:

- ▶ **Mixed-Income Development:** At the 9.3-acre Funding Area, at least 50 percent and perhaps as much as 60 percent of the new housing will be occupied by market-rate households, with

the remaining 40 percent to 50 percent occupied by public housing-eligible families. The Funding Area development will feature:

- ▶ single-family homes, townhomes and multi-family buildings no more than three-stories high;
- ▶ one-, two-, three- and four-bedroom units;
- ▶ rental or for-sale housing;
- ▶ public housing and market-rate units designed to be indistinguishable from each other and completed simultaneously;
- ▶ market-rate units developed without CHA or HUD subsidy;
- ▶ 50 percent of the public housing-eligible units affordable to working families earning between 50 percent and 80 percent of the Chicago median income, and the remaining units affordable to families earning less than 50 percent of the median income;
- ▶ **Off-Site Housing:** All 493 of the public housing-eligible units cannot be developed as part of a mixed-income development in the 9.3-acre Funding Area, and must be part of mixed-income developments located elsewhere in the HOPE VI Planning Area or the Chicago metropolitan area as approved by the Gautreaux Court;
- ▶ **Private Management:** The redeveloped housing will be privately managed by a firm or firms experienced in managing low-income and mixed-income properties;
- ▶ **Public/Private Partnerships:** CHA will offer its resources for joint ventures and development partnerships to encourage private sector participation in the HOPE VI Demonstration Program and the revitalization of surrounding areas.

Development Proposals:

Six development proposals received by the December 20 deadline have been deemed responsive to the Request for Proposals and are being reviewed by The Habitat Company and other stakeholders in the community, including: CHA residents; representatives of the North Town community, civic and business organizations; City, State and HUD officials; and citywide civic leadership groups. A final recommendation is expected this Spring, which will then have to be approved by the Gautreaux Court. The six development teams with proposals are:

- ▶ **Enterprise Development Company** -- a joint venture of Bauhs Dring Main, Ltd., Matrix Engineering, Inc., and UBM Engineering;
- ▶ **Landon Architects, Ltd.** -- a joint venture of The Thrush Companies and Neighborhood Housing Services of Chicago;
- ▶ **North Town Community Partnership** -- a joint venture of DePaul University, MCL/ASD L.L.C., New City YMCA and the North Town Community Congress;
- ▶ **Triad Consortium, Ltd.** -- a joint venture of Property Management One, Ltd., E.C. Purdy & Associates and Vee Enterprise;
- ▶ **Urban Equities, Inc./City Lands Corp.** -- a joint venture of Lisec and Blederman, Ltd., Linn-Mathes, Inc., and Best American Builders; and
- ▶ **Whitman Architecture and Construction** with Nathan Kipnis Architects.



THE HABITAT COMPANY

For Immediate Release:
January 26, 1996

CONTACT: Marilyn Katz
312/822-0505

**CHA, HABITAT ANNOUNCE NEXT PHASE IN CABRINI
REDEVELOPMENT PROCESS**

CHICAGO (January 26, 1996) – When the Cabrini Green Public Housing Development was erected 40 years ago it was a symbol of the hope that urban poverty could be eradicated easily; in the 1980s the development became the symbol of despair and isolation. Today, however, plans to redevelop part of Cabrini Green in a manner that allows it to realize the original intention of better housing and a better life for its residents, are moving forward.

At a morning press briefing held by the Chicago Housing Authority and The Habitat Company, the development manager for CHA, CHA Executive Director Joseph Shuldiner and Habitat Company Executive Vice President Valerie Jarrett announced that The Habitat Company has finished its preliminary receipt and review of all proposals submitted for redevelopment of part of the Cabrini Green site under the HOPE VI initiative and is ready to proceed to the next stage in the planning, which entails public discussion and technical review of the qualifying proposals.

"It is crucial to keep the public informed and involved," said Shuldiner. "We will continue to seek maximum input from the community to get the best plan, a plan that meets the goals that Hope VI was created to achieve." Shuldiner also said that the first of a series of meetings was held today with the Screening Committee. The Screening Committee is composed of Cabrini Green residents, CHA, City of Chicago and HUD officials and two appointed community representatives.

At the same time during the next weeks The Habitat Company will meet with a variety of stakeholders in the community who will have the opportunity to review the proposals and from whom they hope to gain insight, opinions and ideas. These groups will include CHA residents, numerous community, civic and business organizations in the North Town area, officials of the City, State and HUD and city-wide civic leadership groups. In March a Town Hall meeting will also be held.

Ms. Jarrett explained that during the public outreach process, The Habitat Company will be engaged in an extensive evaluation of each of the qualifying proposals ascertaining their financial, technical, physical, social and aesthetic merits.

-more-

"Both sides of the equation are necessary," said Jarrett. "To arrive at a successful plan, technical excellence must match community need and conversely we need to know that any plan that the community favors will actually be feasible to build." Jarrett estimated that Habitat will have a final recommendation to CHA by the end of March.

Jarrett and Shuldiner also announced that four of the original proposals have been eliminated from consideration because they were deemed to be "non-responsive" to the Request for Proposals.

The proposals which have been disqualified are from: New England Builders, Inc. – a joint venture of Solomon Cordwell Buenz & Associates and Urban Works, Ltd; Tyree and Company – a joint venture of ALB Construction Co. and Vernon Williams Architects; Clybourn Park Associates – a joint venture of The Shaw Co., Metroplex Inc., the Chicago Dwellings Association, Nagle, Hartray, Danker, Kagan, McKay, Johnson and Lee, Ltd., The Lakota Group, Inc., Peter Lindsay Schaudt Landscape Architecture, Ltd., and Metro Transportation Group, Inc.; and Gelick Associates, Inc.

The remaining six proposals are: Enterprise Development Company – a joint venture of Bauhs Dring Main, Ltd., Matrix Engineering, Inc. and UBM Engineering; Landon Architects, Ltd. – a joint venture of The Thrush Companies and Neighborhood Housing Services of Chicago; North Town Community Partnership – a joint venture of DePaul University, MCL/ASD L.L.C., New City YMCA and the North Town Community Congress; Triad Consortium, Ltd. – a joint venture of Property Management One, Ltd., E.C. Purdy & Associates and Vee Enterprise; Urban Equities, Inc/City Lands Corp. – a joint venture of Lisec and Blederman, Ltd., Linn-Mathes, Inc., and Best American Builders; and Whitman Architecture and Construction with Nathan Kipnis Architects.

The Redevelopment of Cabrini Green, funded through Hope VI, anticipates the creation of a mixed-income housing development which includes the replacement of 493 units of public housing which are being demolished in the process of the redevelopment. The Chicago Housing Authority has donated a 9.3 acre site to the redevelopment, but development proposals are not limited to that site.

MEDIA ADVISORY

WHAT: Cabrini Green Redevelopment
Progress Report
WHEN: January 26, 1996 10:30 a.m.
WHERE: The Habitat Company
350 West Hubbard, 5th floor

For Information Contact:
Jeff Muchnick/Marilyn Katz
312/822-0505

CHA, HABITAT TO ANNOUNCE PROGRESS ON CABRINI GREEN PLAN

CHICAGO (January 25, 1996) – With all development proposals for the redevelopment of the Cabrini Green Homes catalogued and the "responses to omissions" received the CHA and The Habitat Company, the development manager for Cabrini, will host a press briefing to provide an update to the public on the progress being made thus far and to outline the public outreach process which will follow.

The briefing, to be held at The Habitat Company, at 10:30 a.m. on Friday, January 26th will center on the status of the ten redevelopment proposals received in December and the public planning process that is imminent. The briefing will be lead by The Habitat Company Chairman Daniel Levin, Executive Vice President Valerie Jarrett and Joseph Shuldiner, Executive Director of the CHA.

The Habitat Company is located at 350 West Hubbard on the fifth floor. Graphic boards and the written proposals will be on hand for press viewing, however, copies of any individual proposal must be obtained from the proposing teams.

###

Free



The Chicago Housing Authority

March 25, 1996

Edwin Eisendrath
Chairman

Joseph Shuldiner
Executive Director

Executive Committee
Rosanna Marquez
Artensa Randolph
Timothy W. Wright III
Dr. Mildred Harris

Ed Moses
Deputy Executive
Director for Community
Relations & Involvement

John Nelson
Deputy Executive
Director for Operations

Ana L. Vargas
Deputy Executive
Director for Finance and
Administration

Hon. Henry G. Cisneros, Secretary
Dept. Of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Dear Secretary Cisneros,

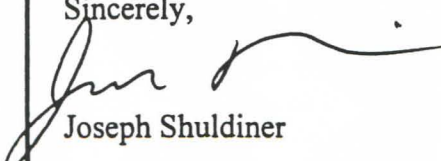
Thank you for your letter to me dated March 15, 1996 in regard to the need to provide viable housing options for low income persons whose mobility impairments or health conditions prevent the use of stairs. Please be assured that we, at the Chicago Housing Authority, are very aware of the need to maximize the availability of such units. Further, because so much of our existing stock is not handicapped accessible, and cannot easily be made so, we, too, look upon the new construction replacement and scattered site units as our best opportunity to increase this stock.

Further be assured that I have mentioned this need to the Habitat Company in the past. As you know, whether as receiver for our scattered site units, or as development manager for the replacement units at Cabrini, Horner, and the Lakefront, the Habitat Company administers our new construction efforts.

I will share with them your letter and your concern, and continue to work with them to maximize the percentage of the units built which can be both lived in and visited by persons with mobility impairments.

Thank you again for your letter and support.

Sincerely,


Joseph Shuldiner

cc: Edwin Eisendrath
Dan Levin
Valerie Jarrett ✓
John Nelson
Andy Rodriguez

DRAFT

Block	Description	Acreage	Total Dwelling Units	Market Rate Units	Public Housing Units	Property Ownership & Description
Phase I 1 - 3 Years						
Stage 1						
C	1150-60 N. Sedgwick	1.94	58	41	17	CHA
E	1159 N. Cleveland	1.67	50	35	15	CHA
H	N. Cleveland (Parking)	2.15	65	45	20	CHA
I1	Oscar Meyer (MCL)	2.8	84	68	16	MCL
N	Mohawk North	3.26	98	82	16	MCL
L	"North Green"	3.89	117	82	35	Wrightwood Dev., City of Chicago and the Chicago Park Dist.
L1	"North Green"	1	30	6	24	Wrightwood Dev. (Multi-family building)
K	"The Hill" (South Half)	1.25	38	27	11	The City of Chicago
M	Orchard Park	3	90	29	11	CHA
F	1117-19 N. Cleveland	1.82	0	0	0	CHA (New school site, Byrd and Jenner combined)
B	Seward Pk./Byrd Sch.	4.02	0	0	0	Chicago Park Distr., Various private owners (Park Space)
D	CHA Park Area	2.09	0	0	0	CHA (Park Space)
Subtotal		28.89	629	414	165	
Stage 2						
G	1158 N. Cleveland	1.61	48	34	14	CHA
J	Division St. (Police)	3.1	0	0	0	City of Chicago (CFD) and various private owners
I2	Oscar Meyer (MCL)	1.1	30	24	6	MCL
Y1	Y - North	7.3	219	154	65	CHA, Chicago School Board, Public Building Commission
Y2	Y - Clybourn	1	80	56	24	Chicago School Board (Multi-family building)
Subtotal		14.11	377	268	109	
Stage 3						
Z	New High School Site	8.4	0	0	0	City of Chicago and various private owners
Y3	Y - High School Area	4.7	141	99	42	Chicago School Board, CMHDC, Private Owners (southern end)
A	Division & Orleans	1.92	58	41	17	Various private owners and The City of Chicago
Subtotal		15.02	199	139.6	59	
Total Phase I		58.02	1205	822	333	

Phase 2 3 - 6 Years						
Stage 1						
CC	Oak & Wells	3.61	108	76	32	City of Chicago
I3	Oscar Meyer (MCL)	2.4	36	29	7	MCL
P	1121 N. Larrabee	2.13	64	45	19	CHA (Rehab existing building to house elderly)
Subtotal		8.14	208	150	58	
Stage 2						
O	1161 N. Larrabee	1.43	43	30	13	CHA
Q	1015 N. Larrabee	3.92	118	83	35	CHA
S	Jenner School Site	1.63	49	34	15	Chicago School Board
Subtotal		6.98	209	146.4	63	
Total Phase 2		15.12	418	297	121	

Subtotal Phases 1 & 2	73.14	1622	1118	454
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Phase 3 6 + Years						
Stage 1						
V	1150 Block N. Larrabee	1.19	36	25	11	Various private owners
W	1120 Block N. Larrabee	2.17	65	45	20	Various private owners
X	1000 Block N. Larrabee	2.5	75	52	23	Various private owners
Subtotal		5.86	176	122	54	
Stage 2						
T	Division (Institutional)	2.3	0	0	0	MCL and various private owners
AA	Larrabee & Clybourn	3.83	115	80	35	Various private owners
BB	Halsted & Division	0.97	29	20	9	City of Chicago and CHA
DD	Maint. and Heating Bldg.	1.91	57	40	17	CHA
R	SE Larrabee & Oak	1.56	47	33	14	Various Private Owners
U	Spanjer Site	3.07	92	92		MCL
Subtotal		13.64	340	265	75	
Total Phase 3		19.5	516	387	129	

Grand Total All Phases 1,2 & 3	92.64	2138	1505	583
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**Grand Total (New Units Only)	70.91	2138	1505	583
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Notes:

** The Grand Total for new units excludes non-residential areas.

All sites are 30 units per acre, except areas I3 (15u), L1 (80u), and Y2 (80u).

Total public housing units per each site equals 30% of the Total Dwelling Units, excluding areas I1,I2,I3 (20%), N (17%), and M (25%).

The maintenance and heating facility, located at Wendell & Hudson, could be relocated to Area T.

Portions of Area Y & L will be utilized for park space.

Structure Types:

Three Flats

Two Flats

Row Houses

Multi-Family building (80 units) (AREAS L1 AND Y2 ONLY)

Six stories, 180' x 60'

This structure will include duplex units on the first two floors with smaller units occupying floors three through six.

Elderly building (80 units) (OPTIONAL)

Six stories, 180' x 60'

This structure will include community space on the first floor with 80 one bedroom units occupying floors two through six.



THE HABITAT COMPANY

MEMORANDUM

TO: Cabrini Hope-VI Planning Group

FROM: Valerie B. Jarrett
Valerie B. Jarrett
Executive Vice President

RE: Cabrini HOPE VI Planning Issues

DATE: June 18, 1996

Pursuant to the June 11, 1996, meeting regarding the Cabrini - HOPE VI Planning Study, enclosed please find a first draft of the issues we have identified as integral to the implementation of the redevelopment of the Cabrini-Green area.

Please review and provide us with your comments, changes, and additions as soon as possible. You may fax them to Matt Nielson at (312) 527-5863, or contact him directly at (312) 595-3259. We will revise the list to reflect your changes and circulate it prior to our meeting again. To facilitate arranging the next meeting, please also let us know who the key person(s) will be from your organization that will be a part of the working group studying these issues.

For your information, we have attached a revised "number" sheets and a roster of the Cabrini-HOPE VI Planning Group representatives.

c: Daniel E. Levin
Philip A. Hickman
Lee Reid
Matt Nielson
Charlton Hamer

VB/MJN/mn

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4192.

CABRINI - HOPE VI ISSUES

Planning Group

City of Chicago (*City*)

Chicago Housing Authority (*CHA*)

Chicago Park District (*CPD*)

Chicago Board of Education (*BdEd*)

U. S. Department of Housing and Urban Development (*HUD*)

The Habitat Company - *Planning Group Coordinator (THC)*

I. Time line (Planning Group)

II. Financing

- A. Tax Increment Finance District Designation (City)
 - 1. Designation Process
 - 2. Increment Generation
 - 3. Eligible Expenditures
 - a. Infrastructure
 - b. Demolition
 - c. Environmental Remediation
 - d. Acquisition
 - (1) Demolition
 - (2) Relocation
- B. National/State/Local Assistance Programs
 - 1. City of Chicago, Department of Housing ("DOH") (City)
 - a. New Homes for Chicago
 - b. Low-Income Tax Credits
 - c. HOME loan funds
 - d. CDBG (Community Development Block Grant) Funds
 - e. Tax-exempt bonds
 - f. Process for developer access to DOH funding/programming
 - (1) Timing
 - 2. City of Chicago, Department of Planning and Development (City)
 - 3. Mayor's Office of Employment and Training ("MET")
 - 4. Illinois Housing Development Authority (City, THC)
 - a. Low-Income Tax Credits
 - b. HOME loan funds
 - c. Trust Fund
 - d. Tax-exempt bonds
 - 5. Federal Home Loan Bank (THC)
 - 6. Local Initiatives Support Corporation ("LISC") (THC, City)
 - 7. CMHDC (THC, CHA)

III. Schools

(BdEd)

- A. School Facility Closures
 - 1. Near North Magnet HS
 - 2. Jenner and Byrd Consolidation
 - 3. Effect on Other Schools - Schiller, Franklin (fine arts academy), Manierre, Sojourner Truth
 - a. Possible expansion of other schools
 - (1) Franklin
 - 4. Relocation of Ferguson Child-Parent Center
 - a. potential location adjacent to Manierre
 - 5. Community Support
 - a. Local School Councils ("LSC's")
 - b. Principals
 - c. Students/Teachers/Parents
- B. New Schools
 - 1. New Math/Science Academy or other High School
 - a. Land Acquisition
 - b. Community Process
 - 2. Jenner/Byrd Replacement
 - a. Timing
- C. Funding Sources
 - 1. Capital Improvement Programming
- D. Timing
 - 1. Construction
 - 2. Funding

IV. Parks

(City, CPD)

- A. Seward Park Expansion
- B. Stanton Park
- C. New Block "Y1" Park
- D. Playlots
 - 1. CitySpace/NeighborSpace program
- E. Advisory Councils/Input
- F. Funding for Improvements
- G. Programming
- H. Community Process Needed
- I. Timing

V. Public and Non-Public Housing Options

(City, HUD, CHA, THC)

- A. Home Ownership
- B. Rental Housing

- C. Block by block issues
 - 1. Mixed-Income Models for rental units
 - 2. Unit Density and Building Type
 - 3. Economic mix
 - 4. Absorption/Marketing Issues
 - 5. Senior and Family Units
- D. MCL sites (mixed-income development or all market rate)
 - 1. Spanjer
 - 2. Oscar Meyer
 - 3. Mohawk North

VI. Infrastructure

- A. Type of Infrastructure
 - 1. Streets and Medians (City)
 - 2. Water, Sewer and Street Electricity (City)
 - 3. New Heating Plant (CHA)
 - 4. Potential to relocate Commonwealth Edison overhead facilities along Kingsbury underground. (City)

VII. Transportation Issues

- A. Public Transit (CTA)
 - 1. Potential long-term CTA improvements
- B. Traffic/Street Design Issues (City)
 - 1. Return to Orthogonal Grid System
 - a. Vacation of Ogden/other streets and alleys
 - b. Opening of new streets and alleys
 - c. Use of cul-de-sacs, traffic circles
 - 2. Improvements for Division/Orleans/Clybourn intersections (City)
 - a. How to alleviate increased traffic congestion

VIII. Land Acquisition (City,THC)

- A. Identification of Property to be Acquired
- B. Relocation Obligations
- C. Timing
- D. Oak/Wells Lis Pendens
- E. YMCA Site
 - 1. Environmental Remediation on the Hill

IX. HOPE VI (CHA,HUD,THC)

- A. Preparation of the Revised Revitalization Plan
- B. Revitalization Plan submittal and approval by HUD and Gautreaux Court

- X. Decision on RFP's** (THC,CHA,HUD,City)
- A. Choosing a developer/developers from the six remaining proposals for HOPE VI
 - B. Issuing new RFP's
 - C. Negotiating with developers
- XI. Resident Issues** (City, CHA)
- A. Two Surveys for the determination of replacement units
 - 1. A survey to get an accurate count for how many residents want to move into new units, from the 660 units being demolished under the HOPE VI Program.
 - 2. A survey for the additional buildings proposed for demolition.
 - B. Surveys to determine preferences:
 - 1. Section 8
 - 2. Scattered Site
 - 3. Replacement
 - C. Input from Local Resident Council and other community organizations
- XII. New Commercial Development** (City)
- A. Oscar Mayer Site
 - B. Division Street "T" site
- XIII. New/Existing City Services Facilities** (City)
- A. New Police Station on Block "J"
 - B. Fire Stations on Blocks "B" and "J"
 - C. Library
 - D. Medical facilities (clinics)
 - E. Sanitation
- XIV. Green Homes (Long Term)** (City, CHA, THC)
- A. Potential Rehabilitation (modernization funds)
 - B. Potential Replacement
- XV. Community Facilities** (City,CHA)
- A. Management Maintenance Facility
 - B. Day Care Centers
 - C. Community Centers

PROJECT DIRECTORY - CAB HOPE VI REDEVELOPMENT

NAME	COMPANY/ADDRESS	TELEPHONE #	FAX #
Warren Matha	Board of Trustees Chicago Board of Education 1819 W. Pershing Road - 6EN Chicago, IL 60609	535-5866 535-3700	535-3720 535-8758
Ed Uhler	Chicago Park District Director of Architecture, Engineering & Planning 425 E. McFetridge - Suite 3C Chicago, IL 60605	747-0696	747-6046
Jeff Boyle Marcel Acosta Margie Muchin-Goldblatt	City of Chicago Department of Planning & Development 121 N. LaSalle Street Chicago, IL 60602	JB - Room 1000 - 744-9476 MA - Room 1003 - 744-4142 MMG - Room 1107 - 744-4456	744-2271 744-6550 744-7996
Rosanna Marquez Jean Franczyk	City of Chicago Mayor's Office 121 N. LaSalle Chicago, IL 60602	RM - Room 507 - 744-6655 JF - Room 406 - 744-2265	744-2324 744-2727
Julia Harris Rick Rice	City of Chicago Office of Budget Management 121 N. LaSalle - Room 604 Chicago, IL 60602	JH - 744-9153 RR - 744-9568	744-3618
Marina Carrott Sonya Malunda	City of Chicago Department of Housing 318 S. Michigan - 7th Floor Chicago, IL 60604	MC - 747-1655 SM - 747-8529	744-1670 744-1670
Edwin Eisendrath Jeanne Crowley	U. S. Department of Housing and Urban Development 77 W. Jackson Blvd. - 26th Floor Chicago, IL 60604	EE - 353-5680 JC - 353-5680	886-2729
Joseph Shuldiner Rich Monocchio Andy Rodriguez Eileen Rhodes	Chicago Housing Authority 626 W. Jackson Blvd. - 7th Floor Chicago, IL 60661	JS - 791-8500 RM - 791-8988 AR - 791-8500 x. 4500 ER - 791-8500 x. 4508	791-4601 791-4601 791-4601 791-4601
Chris Lee	Johnson & Lee, Ltd. 828 S. Wabash Avenue Suite 210 Chicago, IL 60605	663-0225 x.14	663-4491
Daniel E. Levin Valerie B. Jarrett Phil Hickman Matt Nielson Charlton Hamer	The Habitat Company 350 W. Hubbard Street Suite 500 Chicago, IL 60610	DL - 527-6046 (Joyce) VBJ - 527-7471 (Kathy) PH - 527-7492 (Karen) MN - 595-3259 (Pat) CH - 595-3245 (Pat)	527-6439 527-7440 527-5863 527-5863 527-5863

DRAFT

	Description	Acreage	Total Dwelling Units	Market Rate Units	Public Housing Units	Property Ownership & Description
Phase 1						
Stage 1						
Y1	Y - North	7.3	219	154	65	CHA, Chicago School Board, Public Building Commission
Y2	Y - Clybourn	1	80	56	24	Chicago School Board (Multi-family building)
I1	Oscar Meyer (MCL)	2.8	83	67	16	MCL
C	1150-60 N. Sedgwick	1.94	58	41	17	CHA
E	1159 N. Cleveland	1.67	50	35	15	CHA
G	1158 N. Cleveland	1.61	48	34	14	CHA
N	Mohawk North	3.26	92	76	16	MCL
L	"North Green"	3.89	117	82	35	Wrightwood Dev., City of Chicago and the Chicago Park Dist.
L1	"North Green"	1	80	56	24	Wrightwood Dev. (Multi-family building)
K	"The Hill" (South Half)	1.25	38	27	11	The City of Chicago
M	Orchard Park	3	45	34	11	CHA
F	1117-19 N. Cleveland	1.82	0	0	0	CHA (New school site, Byrd and Jenner combined)
B	Seward Pk./Byrd Sch.	4.02	0	0	0	Chicago Park Distr., Various private owners (Park Space)
D	CHA Park Area	2.09	0	0	0	CHA (Park Space)
Subtotal		36.65	910	662	248	
Stage 2						
J	Division St. (Police)	3.1	0	0	0	City of Chicago (CFD) and various private owners
I2	Oscar Meyer (MCL)	1.1	30	24	6	MCL
Subtotal		4.2	30	24	6	
Stage 3						
Z	New High School Site	8.4	0	0	0	City of Chicago and various private owners
H	N. Cleveland (Parking)	2.15	65	45	20	CHA
Y3	Y - High School Area	4.7	141	99	42	Chicago School Board, CMHDC, Private Owners (southern end)
A	Division & Orleans	1.92	58	41	17	Various private owners and The City of Chicago
Subtotal		17.17	263	184	79	
Total Phase 1		58.02	1203	870	333	
Phase 2						
CC	Oak & Wells	3.61	108	76	32	City of Chicago
	Oscar Meyer (MCL)	2.4	36	29	7	MCL
	1121 N. Larrabee	2.13	64	45	19	CHA
O	1161 N. Larrabee	1.43	43	30	13	CHA
Q	1015 N. Larrabee/500-10 W. Oak	3.92	118	83	35	CHA
S	Jenner School Site	1.63	49	34	15	Chicago School Board
Total Phase 2		15.12	418	297	121	
Subtotal Phases 1 & 2		73.14	1621	1167	454	
Phase 3						
V	1150 Block N. Larrabee	1.19	36	25	11	Various private owners
W	1120 Block N. Larrabee	2.17	65	45	20	Various private owners
X	1000 Block N. Larrabee	2.5	75	52	23	Various private owners
T	Division (Institutional)	2.3	0	0	0	MCL and various private owners
AA	Larrabee & Clybourn	3.83	115	80	35	Various private owners
BB	Halsted & Division	0.97	29	20	9	City of Chicago and CHA
DD	Maint. and Heating Bldg.	1.91	57	40	17	CHA
R	SE Larrabee & Oak	1.56	47	33	14	Various Private Owners
U	Spanjer Site	3.07	92	92	0	MCL
Total Phase 3		19.5	516	387	129	

FIRST PAGE ONLY ENCLOSED

FULL COPY OF EXHIBIT FILED WITH COURT

DRAFT

(FOR REVIEW AND COMMENT)

*An Analysis of the Potential
for Market Rate Residential Development
Cabrini-Hope VI Urban Revitalization
Demonstration Program
Chicago, Illinois*

Prepared on behalf of:

THE HABITAT COMPANY
as Receiver for

**THE CHICAGO HOUSING AUTHORITY'S
SCATTERED SITE PROGRAM**

February 1997



The Chicago Housing Authority

Office of the General Counsel

Edwin Eisendrath
Chairman

Joseph Shuldiner
Executive Director

Executive Committee
Rosanna Marquez
Artensa Randolph
Timothy W. Wright III
Dr. Mildred Harris

Ed Moses
Deputy Executive
Director for Community
Relations & Involvement

John Nelson
Deputy Executive
Director for Operations

Andreas Argas
Deputy Executive
Director for Finance and
Administration

Jerome M. Butler
General Counsel

May 3, 1996

Phil Hickman
Scattered Site Program
The Habitat Company
350 West Hubbard Street
Chicago, Illinois 60610

Re: HOPE VI Development Management Agreement

Dear Mr. Hickman:

Enclosed herewith please find a draft HOPE VI Development Management Agreement for your review. Please contact me with your comments at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Paul Kelley".

Paul Kelley
Associate General Counsel

HOPE VI DEVELOPMENT MANAGEMENT AGREEMENT

This AGREEMENT ("Agreement") is made and entered into as of _____ 1996 between the Chicago Housing Authority, 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.
- B. The Authority submitted an application to the Secretary of the United States Housing and Urban Development ("HUD") for funding of a Hope VI-Urban Revitalization Demonstration Program pursuant to which the Authority would develop 493 units of housing to replace units scheduled for demolition in the public housing development community known as Cabrini-Green, 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 entered into an Implementation Grant Agreement (Form HUD-1044) effective November 14, 1994, for the total amount of fifty million dollars (\$50,000,000).
- D. The Authority desires to contract with Habitat to be development manager for 303 units of the housing contemplated under the Hope VI-Urban Revitalization Demonstration Program (the "Program") and Habitat desires to accept such contract, all on the terms and conditions set forth below.

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

- 1. Obligations of Habitat. Habitat shall, subject to any approvals of the Authority which may be required hereunder, coordinate and manage the planning and the implementation phases of the housing development contemplated under the Program in accordance with the provisions of the Annual Contribution Contract No. IL06URD0021194 (the "ACC"), as the same may be amended from time to time, and 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.
 - a. Planning Phase. The Authority and Habitat have prepared the two-part Request for Proposals (RFP), which included qualifications in Part 1 and the physical and financial plan in Part 2. The responses to Part 2 were for development, utilizing the turnkey development method on CHA property, or on property supplied by the developer. Habitat has evaluated the responses to the RFP and shall solicit comment from the City agencies, elected officials, community and business organizations, and residents of Cabrini-Green. Habitat shall analyze the proposals in light of the comments received. Upon completion of this analysis, Habitat shall make a presentation and recommendation to the Authority regarding the responses to the RFP and the implementation of the Program. Habitat shall assist as requested, and cooperate with the Authority with regard to the preparation of a revised HOPE VI application for submission to HUD.

- b. Implementation Phase. Habitat shall be responsible for the implementation of following areas relative to the Program:

- 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 professionals;
- 6) Adjustment, settlement or compromise of any claim, obligation, debt, demand or suit relating to the 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;

Habitat shall obtain the Authority's prior approval for any contract or agreement Habitat seeks to enter for the purposes of carrying out the foregoing. 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 cooperate with the Authority in any such effort.

- c. Personnel and Performance Habitat shall devote such time and personnel as necessary for the diligent, effective, thorough and careful performance of its duties hereunder. Habitat acknowledges that the Authority is entering into this Agreement in reliance upon Habitat's knowledge and experience, and agrees to use its best skill and judgment in the performance of its obligations hereunder and to cooperate with with Authority staff or agents in promoting the interests of the Authority. Habitat agrees to provide timely administration and advice, and to provide professional superintendence and administration of the work related to the Program. 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, joint venturers, and have no employer/employee relationship. It is further explicitly acknowledged that Habitat is acting exclusively in its corporate capacity, and not as the court-appointed receiver in the Gautreaux case (66 C 1459).

2. Compensation. Habitat shall be paid a development manager fee ("Fee") based on 3% of the Total Development Cost (TDC). Additionally, Habitat shall be reimbursed for all costs directly associated with site acquisition and other directly related construction and equipment costs ("Costs") listed on Exhibit B attached hereto. The sum of such Fees and Costs payable by the Authority (collectively, "Developers Fees") shall not exceed 7.5% of the TDC. Said Developers Fees shall be paid upon completion and transfer of each unit. The parties acknowledge and understand that Exhibit "B" may be revised and amended from time to time upon agreement of the parties. It is expressly agreed to and acknowledged, however, that Exhibit B shall not include, and that the Authority shall not be responsible for, the payment of salaries or other employee compensation, administrative costs, or any federal, state or local taxes relative to Habitat's business.

The parties expressly acknowledge that the 3% fee customarily received by Habitat for its services and performance as Receiver under the court orders in the Gautreaux case is not applicable to the services to be performed hereunder.

The Authority acknowledges that the HOPE VI Program contemplates the development of market rate housing and public housing in a mixed-income setting. To the extent that Habitat receives any development management fees in connection with their role in the development of market rate housing related to the HOPE VI Program, such fees shall be divided equally between the

Authority and Habitat.

3. Authority's Obligations. The Authority shall coordinate with and be the principal communication link to the Cabrini residents, their official representatives and their consultants.
4. Cooperation of the Parties The the Authority and Habitat agree to fully cooperate with one another to carry out the planning and implementation of the 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 Program. If the Parties agree that 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 performance of its 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. Similarly, 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 the performance of its obligations under this Agreement, except any resulting from the gross negligence of Authority or its willful breach of its obligations under this Agreement
5. Term and Termination. The term of this Agreement shall commence on the date hereof and shall expire upon completion of the Program. In the event that the Program is terminated or otherwise limited or forestalled for reasons beyond the Authority's control, the Authority may terminate this Agreement at its option. Additionally, in the event that Habitat fails to perform any of the obligations hereunder, or breaches any of its duties, the Authority shall have the option to terminate this Agreement upon thirty days written notice to Habitat. Upon termination of this Agreement for any reason, Habitat shall immediately refrain from entering into any contracts or agreements with respect ot implementation of the Program. Habitat shall also transfer to the Authority, at the time and in the manner directed by the Authority, all of its rights, title and interest in completed and uncompleted work , supplies, amaterails, 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.
6. Miscellaneous.
 - 6.1 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 and as are not inconsistent with the terms hereof.
 - 6.2 Reporting. Each month, during the term of this Agreement, Habitat shall prepare a written report to the Authority describing the status of the Program. Specifically, the report shall include an accounting of all expenditures made or incurred in connection with the Program, and summaries of actions taken pursuant to Paragraph 1(b) hereof. Said report shall be delivered to the Executive Director of the Authority not later than the 10th day of each month.
 - 6.3 Authority. Each party warrants and represents to the other that is 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.

- 6.4 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.
- 6.5 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Illinois.
- 6.6 Entire Agreement: Amendment. This Agreement incorporates 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.
- 6.7 Resolution of Disputes. The parties shall make a good faith effort to resolve and dispute that may arise between them.
- 6.8. Confidentiality. Each party, for itself and its agents and employees, agrees that the documents and information made 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.

[other required CHA contract language]

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: _____
Chairman

By: _____
President

EXHIBIT B

Allowable costs

HOPE VI DEVELOPMENT MANAGEMENT AGREEMENT

This AGREEMENT ("Agreement") is made and entered into as of _____ 1996 between the Chicago Housing Authority, organized and existing under the laws of the State of Illinois (the "Authority"), and Daniel Levin and The Habitat Company, not personally but jointly as Receiver for the Chicago Housing Authority Scattered Site Housing Program (collectively "Habitat").

RECITALS:

- A. The Authority is a public housing agency authorized to operate public housing in the City of Chicago.
- B. Pursuant to a Court Order dated August 14, 1987, entered in *Gautreaux v. Pierce*, United States District Court, Northern District of Illinois, Case Nos. 66 C 1459 and 66 C 1460 (consolidated) (the "Gautreaux Litigation"), Habitat was appointed and continues as the Receiver for the development of the Authority Scattered Site Housing Program, then being operated by the Authority, and for the new family development activity sponsored by the Authority.
- C. The Authority submitted an application to the Secretary of Housing and Urban Development ("HUD") for funding of a Hope VI-Urban Revitalization Demonstration Program (the "Program") pursuant to which the Authority would develop 303 units of housing to replace units scheduled for demolition in the public housing development community known as Cabrini-Green, all as described in the application.
- D. HUD approved funding for the Program and pursuant thereto HUD and the Authority entered into an Implementation Grant Agreement (Form HUD-1044) effective November 14, 1994, for the total amount of fifty million dollars (\$50,000,000).
- E. The Authority desires to contract with Habitat to be development manager of the housing contemplated under the Program and Habitat desires to accept such contract, all on the terms and conditions set forth below.

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

- 1. Authority of Habitat. Habitat, with the required approvals of the Authority, shall oversee, coordinate, manage and control (1) the planning and (2) the implementation phases of the housing contemplated under the Program in accordance with the provisions of the Annual Contribution Contract No. IL06URD002I194 (the "ACC"), as amended from time to

time.

- a. Planning Phase. Habitat has prepared the two-part Request for Proposals (RFP), which included qualifications in Part 1 and the physical and financial plan in Part 2. The responses to Part 2 were for development, utilizing the turnkey development method on CHA property, or on property supplied by the developer. Habitat has evaluated the responses to the RFP and will solicit comment from the City agencies, elected officials, community and business organizations, and residents of Cabrini-Green. Upon completion of the analysis of the proposals and full discussion with the interested parties, Habitat shall make a recommendation to the Authority on the most appropriate course of action for the implementation of the Program, and revise the HOPE VI application for submission to HUD based upon direction from the Authority.
 - b. Implementation Phase. Habitat shall undertake responsibility for the implementation of following areas relative to the Program:
 - 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 professionals;
 - 6) Community relation programs;
 - 7) Intergovernmental relations;
 - 8) Adjustment, settlement or compromise of any claim, obligation, debt, demand or suit relating to the Program; and
 - 9) Supervision of the construction during the construction phase and coordination with the Authority and HUD during the warranty and post-construction phases;
 - 10) Any and all other matters relating to the development, completion, operation and control of the Program.
2. Compensation. Habitat shall be paid a development manager fee based on 3% of the sum of the turnkey developers price, plus costs associated with site acquisition, planning and other construction and equipment costs as shown in the categories for such items on Exhibit "A" attached hereto, such fee to be calculated in the same manner as under prior scattered site housing programs. Said fee shall be paid upon completion and transfer of each unit and shall be included in the cost of each unit. The parties acknowledge and understand that said Exhibit "A" may be revised and amended from time to time.

In addition, Habitat shall be reimbursed for all administration costs in connection with performing the services described herein in general conformance with the categories listed under "Administration" on Exhibit "A" attached hereto. The Authority shall make payment to Habitat within ten (10) days of receipt of invoices for administrative costs.

Since the HOPE VI housing program contemplate market rate and public housing in a

mixed income setting, the development manager will incur administrative and planning time and expense related to the market rate housing. Over the course of time the development manager will need to monitor the private construction, coordinate with City departments and assist in the implementation of the redevelopment area and the market rate units in the mixed income plan.

As a result, if non-public housing units are included as part of the Program, Habitat shall be entitled to receive a development manager fee of 2% of the construction cost for each of the for sale units and the 2% total development cost for each of the rental units. Any contract with any developer of such non-public housing units shall specifically provide for such payment.

3. Cooperation of Authority. The Authority will fully cooperate with Habitat in the planning for and implementation of the Program, including, without limitation, executing and delivering of all documents reasonably requested by Habitat or required by any governmental authority relative to the Program. The Authority will cooperate with Habitat to seek from HUD modifications of the ACC to the extent that Habitat deems such modifications reasonably necessary to appropriately implement and develop the Program. The Authority shall coordinate with and be the principal communication link with the Cabrini residents, their official representatives and their consultants.
4. 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 performance of its obligations under this Agreement, except any resulting from the gross negligence of Habitat or its willful breach of its obligations under this Agreement.
5. Term. The term of this Agreement shall commence on the date hereof and shall expire upon completion of the Program or by mutual agreement of the parties.
6. Miscellaneous.
 - 6.1 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 and as are not inconsistent with the terms hereof.
 - 6.2 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.
 - 6.3 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.
 - 6.4 Governing Law. This Agreement shall be governed and construed in accordance

with the laws of the State of Illinois.

- 6.5 Entire Agreement; Amendment. This Agreement incorporates 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.
- 6.6 Resolution of Disputes. The parties shall make a good faith effort to resolve any dispute that may arise between them. In the event they are unable to do so, either party may apply to the then presiding judge in the Gautreaux Litigation for a judicially determined resolution, which shall be binding on the parties.
- 6.7 Compliance with Laws; HUD Regulations. 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 and the Authority agrees to cooperate in such effort.
- 6.8 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.

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

THE CHICAGO HOUSING AUTHORITY

DANIEL LEVIN and THE HABITAT
COMPANY, as Receiver as aforesaid

THE HABITAT COMPANY

By: _____
Chairman

By: _____
President

DANIEL LEVIN

DRAFT

MASTER
6/25/96
PAH

HOPE VI DEVELOPMENT MANAGEMENT AGREEMENT

This AGREEMENT ("Agreement") is made and entered into as of _____, 1996 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 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 493 units of housing to replace units scheduled for demolition in the public housing development community known as Cabrini-Green, 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 entered into an Implementation Grant Agreement (Form HUD- 1 044) effective November 14, 1994, for the total amount of fifty million dollars (\$50,000,000). As Receiver, Habitat is responsible for developing replacement public housing pursuant to such Program and HUD has approved the Receiver to develop 193 units. HUD has entered into two (2) ACC's with the Receiver to develop 193 units funded under programs IL06-P802-182 (107 units) and IL06-P802-192 (83 units) for a total of \$18,993,750.
- 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 plans.
- E. The Authority desires to contract with Habitat to coordinate the development of replacement housing under the HOPE VI Program (for which Habitat is responsible) with all other aspects of the Program (for which the Authority is responsible), including without limitation housing units other than public housing and non-housing buildings, all to assure the coordinated and comprehensive planning that is essential to effective implementation of the Program.
- F. Notwithstanding this contract, the terms of the court order dated August 14, 1987, appointing Daniel Levin and The Habitat Company as Receiver for the development of all non-elderly CHA public housing (Receiver) are intact and in full force.

NOW, THEREFORE, in consideration in 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. IL06URD0021194 (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. Habitat has prepared a two-part Request for Proposals (RFP), which included qualifications in Part I and the physical and financial plan in Part 2. The responses to Part 2 were for development, utilizing the turnkey development method on CHA property, or on property supplied by the developer, or a combination of both. Habitat has evaluated the responses to the RFP and shall solicit comment from the City of Chicago agencies, elected officials, community and business organizations, and residents of Cabrini-Green. Habitat may retain design professionals and other consultants deemed necessary by Habitat to assist in the physical and financial planning and coordination of the mixed income development contemplated.

Habitat shall analyze the proposals in light of the comments received. Upon completion of this analysis, Habitat shall make a presentation and recommendation to the Authority regarding the responses to the RFP and the implementation of the Program. Habitat shall assist, as requested, and cooperate with the Authority with regard to the preparation of a revised HOPE VI application for submission to HUD and shall prepare a request to the U.S. District Court for permission to build replacement public housing in the Cabrini area by declaring it a "Revitalizing Area."

- B. Implementation Phase. Upon the Authority's and HUD's approval of an acceptable mixed-income 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.

Should the Authority deem it appropriate for Authority personnel to become involved in the aforesaid activities, Habitat shall fully cooperate with the Authority in any such effort.

- C. Personnel and Performance Habitat shall devote such time and personnel as necessary for the diligent, effective, thorough and careful performance of its duties hereunder. Habitat acknowledges that the Authority is entering into this Agreement in reliance upon Habitat's knowledge and experience. 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") based on 3% of the Total Development Cost ("TDC") for each completed unit of public housing under the Approved Program. Additionally, Habitat shall be reimbursed for all costs directly associated with site acquisition, administration and planning ("Costs") listed in the Project Budget. Notwithstanding the foregoing, the sum of all Developer Fees and Costs payable by the Authority shall not exceed 7.5% of the TDC, or such amount which may be approved by the Gautreaux Court. The portion of the Developer's Fee attributable to each completed unit shall be earned and paid upon completion 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.

The Program contemplates the development of market rate housing and public 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. Authority's Obligations. The Authority shall coordinate with, and be the principal communication link to the Cabrini residents, their official representatives and their consultants and the principal public spokesperson with respect to the Approved Program. 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 and shall cooperate with Habitat to coordinate such with the mixed income housing development which is the responsibility of Habitat.

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 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. Upon termination of this Agreement for any reason, Habitat shall immediately refrain from entering into any contracts or agreements with respect to the implementation of the Approved Program subject however to its obligations as Receiver. Habitat shall also transfer to the Authority, at the time and in the manner 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.

7. Remedies. 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, subject to the approval of the Gautreaux Court:
- (a) The right to terminate this Agreement as to any or all of the Approved Program activities yet to be performed effective at a time specified by the Authority;
 - (b) The right to withhold all or any part of Habitat's compensation hereunder; and
 - (c) 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 B.
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 than 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 shall be governed as to performance and interpretation in accordance with the laws of the State of Illinois. CHA and Habitat hereby submit to the jurisdiction of the Gautreaux court with regard to any controversy arising out of, relating to, or in any way concerning the execution or performance of this Agreement provided, the parties agree that before any such controversy is submitted to the Court they will in good faith endeavor to resolve the same by employing the good offices of a person mutually selected by the Authority and Habitat, or if the parties cannot agree upon such a person within ten (10) days of written request from one party to the other so to do, then the chairman of the Civic Committee of the Commercial Club of Chicago shall be automatically designated as such "good offices" person. Habitat and the Authority agree to comply with the reasonable requests of such selected or designated person respecting information and procedure, and to give good faith consideration to such person's recommendations. In any event, however, either party shall be free to submit any such controversy to the Court if recommendations are not received from the "good offices" person within forty-five (45) days of his or her selection or designation as above provided. Habitat agrees that service of process on Habitat may be made, at its option of the Authority, either by registered or certified mail addressed to the applicable office as provided for in this Agreement, by registered or certified mail addressed to the office actually maintained by Habitat, or by personal delivery on any officer, director, or managing or general agent of the Habitat.
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.

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.

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Pursuant to the conflict of interest requirements in OMB Circular A- 102 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.

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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.

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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: _____
Executive Director

By: _____
Chairman

Project Budget

Exhibit B



Business and Professional People
for the Public Interest

Valerie

Directors

Bettylu K. Saltzman
President

Sherry B. Goodman
Ann Smith

Robert M. Weissbourd
Vice Presidents

Camilla Hawk Diaz-Perez
Secretary

Rayman L. Solomon
Treasurer

James M. Alter
Lucy B. Ascoli
Frederick W. Axley
Sheldon L. Baskin
Julian L. Berman
Henry C. Binford
Chris Boulware
Barbara T. Bowman
Douglass W. Cassel, Jr.
Diane W. Dahl
Susan Davis
Leon M. Despres
Edward F. Dobbins, Jr.
Kevin Donnellon
Gary Eddin
Harriet Wilson Ellis
William Farley
William Geller
Eric Gershenson
Graham Grady
Frances R. Grossman
Marc Hilton
Donald J. Jackson
Stephen Johnson
Joseph Kellman
Steve Kersten
Iris Krieg
Susan Larson
Paul Lehman
Thomas J. Lenz
Paul Levy
Rob Lifton
Rai tire
Geo. McCoy
Zebedee McLaurin
Rita McLennan
E. Hoy McConnell, II
Elena B. Mulcahy
Thomas J. Murphy
Alexander Polikoff
Hipolito Roldan
Jeremy Warburg Russo
Lowell Sachnoff
Alan Saks
Dianne Sautter
Daniel Scheinfeld
Mary Skipton
Ada Skyles
Diann DeWeese Smith
Michael Spock
Leslie A. Struberg
Sanjay Tailor
Judy Wise

Advisory Board
Donald Dann
Ronald Grzywinski
Elliot Lehman
John McKnight
Dora Williams
Timothy W. Wright, III
Past Presidents
Gordon B. Sherman
Elliot Lehman
Robert B. Lifton
James W. Ashley
Alan Saks
E. Hoy McConnell, II
Attorneys
Alexander Polikoff
Executive Director
Julie Elena Brown
Adam Gross
Mary Galloway James
Robert L. Jones, Jr.
Jeanne L. Nowaczewski
Counsel
Administrative Staff
Marek Manos
Administrative Director
Eva Dziekonski
Systems Manager
Paula Kruger
Mary Rice
Administrative Staff

June 14, 1996

Mr. Daniel Levin
The Habitat Company
350 West Hubbard Street
Chicago, Illinois 60610

Dear Dan:

You have asked me to comment on a draft of "HOPE VI Development Management Agreement" sent to Habitat by Paul Kelley (letter dated 5/31/96), Associate General Counsel of CHA. I am pleased to comply.

By a Gautreaux order dated 8/14/87, Habitat was appointed Receiver for the development of scattered site public housing. Among other things the order says the Receiver "shall have and exercise all powers of CHA respecting the scattered site program . . . [lots of specific illustrations omitted]." The "scattered site program" is defined to include "all CHA non-elderly public housing development programs which may in the future be authorized by HUD during the pendency of Civil Action No. 66C1459."

We believe the effect of the 8/14/87 order is to place with Habitat, subject to the Court's supervision and in compliance with HUD regulations, all CHA authority to develop public housing. In our view this authority is not qualified or limited by the source of funds for the development of the housing. Nothing in the order makes Habitat the Receiver to develop public housing funded only by "conventional" public housing development funds, while leaving CHA free to build public housing funded by other funds from HUD, for example, HOPE VI.

Nor in our view is the Receiver's authority limited by the word "scattered" in the appointing order. Nothing could have been further from the Judge's mind than that CHA should be left free to build "concentrated" housing -- the very practice Gautreaux orders preclude without specific "waiver" exceptions -- while Habitat was to build only "scattered" public housing. In our view, no public housing can be developed by or for CHA other than the "scattered" housing the Receiver is authorized to develop unless specifically authorized by Gautreaux order. For example, by its order of

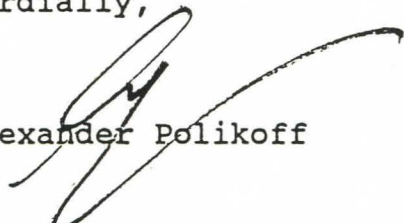
May 1990 the Court, with plaintiffs' agreement, authorized the CHA Demonstration Program. In Horner, some of the housing is to be physically scattered, some to be concentrated; both configurations will be developed by Habitat pursuant to the Court's "waiver" order applicable to Horner.

(Of course, calling the housing "replacement" public housing makes no difference. In fact, the FY1995 Gautreaux set-aside, specifically approved by HUD, was explicitly for "replacement" housing.)

In light of our view that the Court-appointed Receiver is lodged with full and exclusive authority to develop public housing with HUD funds that are allocable to CHA, you can see why we have some trouble with the draft Development Management Agreement. The draft proceeds from the assumption that CHA, not the Court, is conferring authority upon Habitat to develop public housing, and many of its provisions derive logically from this starting point. For example, the draft says Habitat shall develop the contemplated housing subject to CHA approval, that Habitat is engaged as an independent contractor, that Habitat may be terminated by CHA, etc. The agreement even suggests that the Receiver subject itself to the jurisdiction of another court. I do not criticize these provisions as inappropriate in a normal contract situation. It is just that they don't fit this situation at all.

I recognize that there are aspects of the Cabrini project that do not fall under Habitat's mandate, e.g., demolition and social services, and that there must be coordination between these non-Habitat facets of the project and what Habitat must do -- i.e., develop the replacement housing. What seems to me to be called for, therefore, is a different type of agreement -- one in which CHA and Habitat, recognizing the necessity of working together cooperatively in the Cabrini context, spell out the collaborative arrangements between a court-appointed Receiver and CHA that seem to the parties to be needed.

Cordially,


Alexander Polikoff

ALP:mm

cc: Joseph Shuldiner
Edwin Eisendrath

THE HABITAT COMPANY

August 30, 1996

Mr. Richard Monocchio
Special Assistant to the Executive Director
Chicago Housing Authority
626 West Jackson Street, 7th Floor
Chicago, Illinois 60661

Via Facsimile: 312/627-0346

Re: Cabrini-Green

Dear Rich:

As you know, the Cabrini HOPE VI Revitalization Program includes funding for 303 units which has been funded directly to CHA, plus 190 replacement units funded directly to The Habitat Company as Receiver for the CHA Scattered Site/Replacement Program. Since the takeover of the CHA by HUD in 1995, we have worked actively as Development Manager for the construction of all 493 replacement units.

We have tabulated the exclusive costs attributed to date to the Cabrini HOPE VI, through June 30, 1996, and prorated the administrative and overhead costs attributable to the 190 units and the 303 unit HOPE VI, respectively. In the case where there are direct costs that can be attributable to the HOPE VI program only, such as the issuance of the RFP, then they were assigned as 100% to HOPE VI. An itemization of our cost is enclosed and the total amount attributable to the HOPE VI is \$149,881. We would appreciate your arranging for CHA to remit a check payable to The Habitat Company for this amount.

Although there is apparently a new issue regarding the role of The Habitat Company as Development Manager because of the expanded geographic areas beyond the original 9.3 acres, we continue to actively staff and coordinate the planning process. We look forward to quickly resolving any open matters and proceed to execute the Development Manager Agreement we have discussed over the past several months.

As always, we are available to discuss any aspects of the enclosed if you have any questions.

Sincerely,
SCATTERED SITE PROGRAM

Philip A. Hickman
Director

PAH/ksc

E:\phil\corresp\ss\monochio.ltr

cc: Daniel Levin
Douglas R. Woodworth
Valerie B. Jarrett
Edwin Eisendrath
Alexander Polikoff, Esq.

The Habitat Company
 Cabrini HOPE VI Urban Revitalization Program
 Costs to date as of June 30, 1996

	Pgm. 182 (107 Units) 21.70%	Pgm. 192 (83 Units) 18.64%	HOPE VI (303 Units) 81.48%	TOTAL (493 Units) 100%
Administration - (Prorata)	\$43,321	\$33,604	\$122,678	(b) \$199,602
Planning - (100% HOPE VI)	0	0	28,764	(a) 28,764
Non-dwelling equipment - (Prorata)	158	121	441	717
	<u>43,477</u>	<u>33,725</u>	<u>149,881</u>	<u>227,083</u>

Note: Administration and Non-dwelling equipment expenses were prorated using the percentage of units in each program.

(a) Actual HOPE VI costs included in Planning		
(1) Johnson & Lee	\$14,088	
(2) Best Photo	419	
(3) Mossner	1,493	
(4) Chicago Motor Coach	462	
(5) Terra Testing	10,304	
TOTAL	\$28,764	

Vendor/description	Check Number	Amount	Date Paid
(1) Johnson & Lee			
Architect	1936	\$4,350	31-Mar-95
	1988	9,736	30-Apr-95
TOTAL		\$14,088	

(2) Best Photo			
Cabrini Maps	1573	419	17-Nov-95
TOTAL		\$419	

(3) Mossner			
Cabrini Map	1275	\$28	14-Aug-95
Proposal copies	1275	48	14-Aug-95
Atlas Map	1293	30	22-Aug-95
Map Reproduction	1293	13	22-Aug-95
RFP	1557	229	13-Nov-95
RFP	1557	820	13-Nov-95
Handbook copies	1557	70	13-Nov-95
Map prints	1617	7	Dec-95
Planning Area Maps	1750	21	16-Feb-96
Soil Bor-Hope VI -addendum	1750	171	16-Feb-96
Copies	9596	58	21-Sep-95
Copies	9403	1	24-Jul-95
TOTAL		\$1,493	

(4) Terra Testing			
Soil borings	1654	\$10,304	19-Dec-95
TOTAL		\$10,304	

(5) Chicago Motor Coach			
Cabrini bus tour	1434	\$331	19-Oct-95
Cabrini bus tour	1435	\$331	19-Oct-95
Cabrini bus tour	Receipt	(\$200)	07-Nov-95
TOTAL		\$462	

TOTAL PLANNING COSTS \$28,764

(b) Actual HOPE VI costs included in Administration	
Nontechnical Salaries	\$18
Technical Salaries	77,749
Legal Expenses	3,251
Employee Benefits	12,790
Travel	3,580
Publications	222
Membership dues	461
Telephone	2,341
Sundry (c)	22,262
TOTAL	\$122,675

(c) Actual costs included in Sundry	
Rent	5,977
Audit	2,369
Temporary Labor	11
R. M. Equipment	428
Office Supplies	805
Advertising	3,403
Meetings	5
Delivery/Messenger	193
Postage	72
Insurance	123
Equipment Leasing	2,284
Printing	822
Other	5,790
TOTAL	\$22,262

DEPOSIT TICKET
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American National Bank
and Trust Company of Chicago • Chicago, Illinois 60600

DATE

1/8/97

CURRENCY
COIN
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CMHDC/THE HABITAT COMPANY
JOINT VENTURE

⑆071000770⑆ 04294831⑈

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

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THE CHICAGO HOUSING AUTHORITY

PAY LOC.	CHECK DATE	THE AMOUNT OF	CHECK NO.
	12/27/96	⑆⑆⑆⑆149,881.00	003394

ONE HUNDRED FORTY NINE THOUSAND EIGHT HUNDRED EIGHTY ONE DOLLARS AND 00 CENTS

PAY ONLY 149,881.00

PAY TO
THE
ORDER
OF

THE HABITAT COMPANY
350 W. HUBBARD
CHICAGO IL 60611

VOID OVER \$149,881.00

John Shields

⑈003394⑈ ⑆071923226⑆ 94 19829⑈

Customer Receipt

This transaction is subject to the rules of the Bank and to the agreements governing your account.
Deposits and payments are subject to verification by the Bank.

Thank you for doing business with American National Bank.

[Signature]

149,881.00 DDA DEP 6994 005-051
JAN08-97 13:49:08 4294831

American National Bank
and Trust Company of Chicago

F77 1119 000 R.S.81

THE HABITAT COMPANY
 350 W. HUBBARD
 CHICAGO IL 60611

THE CHICAGO HOUSING AUTHORITY

NAME			VENDOR NO.		CHECK NO.	
THE HABITAT COMPANY			904302		003394	
INVOICE DATE	INVOICE NO.	INVOICE DESCRIPTION	GROSS AMOUNT	DISC.	NET AMOUNT	
10/10/96	THC149	FEEES FOR WORK ON THE; CABRINI-GREEN REDEVEL.	149,881.00	0.00	149,881.00	
					0.00	
					149,881.00	
TOTAL NET AMOUNT					149,881.00	



*CHA - Mr. ...
Correspondence*

The Chicago Housing Authority

September 18, 1996

Ms. Valerie Jarrett
Vice President
The Habitat Company
350 W. Hubbard
Chicago, IL 60610

Dear Valerie:

This is a follow up to the meeting between The Habitat Company and the Chicago Housing Authority regarding the roles of the respective organizations in the City of Chicago's Near North Redevelopment plan.

It is becoming more evident that the City has assumed responsibility for coordinating the public and private sector partners and implementing this plan. As a result, the CHA's role at this point is limited. This gives us the opportunity to minimize our administrative expenses and conserve HOPE VI funds for the development of housing units. As of September 20, 1996, the CHA will not pay any outside planning fees unless authorized by the CHA in advance. Realizing, however, that there is still work to be done, the CHA would like to retain the services of The Habitat Company on an as-needed basis at a mutually agreed upon hourly rate.

On August 30, 1996, the CHA received an itemized bill for work done in connection with the Cabrini-Green redevelopment project during the past year. Total charges amount to \$227,083, with \$149,881 attributed to the HOPE VI budget. We intend to pay The Habitat Company in full, but in general we object to certain charges, such as \$5,997 for rent and salaries and benefits for 11 Habitat employees, plus \$27,000 for outside contractors.

In order to pay this amount, please understand that special approval must be granted by HUD in order to draw down these funds before submission of an amended revitalization plan. We will make this request to HUD headquarters as quickly as possible.

September 18, 1996
Page Two
Ms. Valerie Jarrett

I appreciate the effort you have made on our behalf, and look forward to working with you in the future.

Sincerely,


Joseph Shuldiner
Executive Director

cc: Edwin Eisendrath
Andrew Rodriguez
Rafael Leon



THE HABITAT COMPANY

October 2, 1996

Mr. Richard Monocchio
Special Assistant to the Executive Director
Chicago Housing Authority
626 West Jackson Boulevard
Chicago, Illinois 60661

Re: Cabrini-Green/Development Manager

Dear Rich:

The purpose of this letter is to confirm our understanding regarding several topics raised in Joe's letter of September 18, 1996 and discussed during our meeting last week with you and Joe. These matters are summarized below:

1. In our role as Development Manager for the development of replacement housing at Cabrini-Green, we will continue to keep track of our staff hours spent on the Cabrini-Green Replacement Housing Program and invoice CHA monthly for the actual personnel costs, plus the related administrative and overhead costs. The administrative and overhead costs will be prorated based on the actual personnel time expended for Cabrini, as a percentage of the total actual personnel costs with a pro rata allocation to HOPE VI (303 units) and the 190 units funded directly to Habitat. This pro rata allocation method is the system of allocation of these costs which we have utilized for over seven (7) years and approved by HUD.
2. Since planning progress on Cabrini is dependent on a mixed income development, in accordance with our discussion and your concurrence, we plan to engage Tracy Cross and Associates for a market study. This will estimate market value and absorption times for the market rate units, and consequently, the expected time schedule for construction of the replacement units. The study will serve as the basis to estimate the value of the CHA property utilized for the market rate and the "affordable" units.
3. In an effort to advance the site planning, we will continue to have Chris Lee, of Johnson & Lee Architects & Planners, work on the alternative density studies for use at the policy committee meeting on October 17, 1996.

I:\phil\ssp\cabrini\monocchio.ltr

Mr. Richard Monocchio
Special Asst. To Executive Director
October 2, 1996
Page -2-

As discussed, we plan to pursue clarification with the City with respect to our role in coordinating all the housing to be developed in the Cabrini revitalization area.

If you have any questions regarding any of the above, please contact me.

Sincerely,
THE HABITAT COMPANY



Philip A. Hickman
Senior Vice President

PAH/ksc

cc: Joseph Shuldiner
Daniel Levin
Douglas R. Woodworth
Valerie B. Jarrett



Edwin Eisendrath
Chairman

Joseph Shuldiner
Executive Director

Executive Committee
Rosanna Marquez
Artensa Randolph
Timothy W. Wright III
Dr. Mildred Harris

Jerome Butler
General Counsel

Ed Moses
*Deputy Executive
Director for Community
Relations & Involvement*

John Nelson
*Deputy Executive
Director for Operations*

Ana L. Vargas
*Deputy Executive
Director for Finance and
Administration*

The Chicago Housing Authority

*Cem-in
Hope 6
JEL*

October 24, 1996

Ms. Valerie Jarrett
Vice President
The Habitat company
350 W. Hubbard
Chicago, IL 60610

The purpose of this letter is to further clarify discussions we have had on the role of The Habitat Company relative to the Chicago Housing Authority in the Near North Redevelopment Plan.

As you know, the policy group has decided to engage local and outside planning firms in a charrette process which will produce a more defined plan. It is anticipated that this process will be completed before the end of the year, and that RFPs will then be issued. Until then, various committees are meeting to discuss issues such as outreach and intergovernmental agreements.

During this time, it will not be necessary for representatives of the Habitat Company to attend meetings or otherwise represent the CHA in the Near North Redevelopment planning process. I think it would be appropriate to revisit this issue once the charrette and community outreach is completed.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Shuldiner", written over a horizontal line.

Joseph Shuldiner
Executive Director



The Chicago Housing Authority

May 13, 1997

Valerie Jarrett
Phil Hickman
The Habitat Company
350 W. Hubbard
Chicago, IL 60610

Dear Valerie and Phil:

As you discussed with staff recently, the CHA is nearing closure on negotiations for the acquisition of public housing replacement units at the Mohawk North and Old Town Square developments. The CHA has been fortunate to have the full cooperation of the Mayor's office and the Department of Housing in this effort. As you were informed, the CHA intends to use those 1994 and 1995 development dollars which were allocated to the receiver on behalf of Cabrini Green to finance these and additional Cabrini replacement units. The purpose of this letter is to formally request that the process to allocate the money for this purpose be expedited.

Under the terms of the current deal, Davis/McLean have stated that they do not wish to sell the units but will enter into a forty year master lease for 44 two bedroom units—16 at Mohawk North and 28 at Old Town Square. The units are 1100 square feet and after reviewing the developers' pro formas the CHA and the City's Department of Housing have determined that \$125,000 is an appropriate purchase price for these units. As you are well aware, this is substantially below the market rate for the new units being built in the Near North community. The TDC for these "row dwellings" units is approximately \$96,250 (which can be increased \$101,063 (105%) without a waiver from HUD).

Although we have attempted to utilize numerous creative mechanisms to finance these units, HUD's program purpose restrictions as well as IRS regulations have constrained our options. We therefore intend to pay for the units using 105% of TDC and to finance the balance from other resources available to the CHA.

As noted above, the CHA wishes to use the 1994 development dollars allocated to the Receiver for replacement units at Cabrini. At present we are working to finalize the development agreement with McL/ASD and to

Edwin Eisendrath
Chairman

Joseph Shuldiner
Executive Director

Executive Committee
Rosanna Marquez
Christina Randolph
Timothy W. Wright III
Dr. Mildred Harris

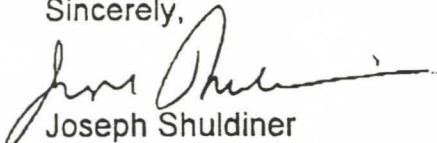
Ed Moses
Deputy Executive Director
for Community Relations
& Involvement

Ana L. Vargas
Deputy Executive Director
for Finance and
Administration

Thomas M. Butler
General Counsel

identify residents for the units. As we finalize this transaction, it is imperative that we reach an agreement on the utilization of the development dollars. We would, therefore, like the opportunity to discuss this at length during the meeting with Lou Berra, which is scheduled for Friday, May 15. We would hope to resolve the issue at that meeting. As always, we appreciate your assistance.

Sincerely,



Joseph Shuldiner
Executive Director

Cc: Lou Berra
Jerome Butler
Edwin Eisendrath
Christopher Hornig
Rafael Leon
Richard Monocchio
Alex Polikoff
Eileen Rhodes
Andrew Rodriguez
David Sowell
Dave Tkac

FIRST PAGE ONLY ENCLOSED

FULL COPY OF EXHIBIT FILED WITH COURT

**THE HABITAT COMPANY
AS RECEIVER FOR
THE CHICAGO HOUSING AUTHORITY
SCATTERED SITES PROGRAM**

**PHA DEVELOPMENT PROPOSAL
CABRINI EXTENSION (IL2-20) REPLACEMENT UNITS**

44 UNITS

**CABRINI EXTENSION
IL06-P002-182
CHICAGO, ILLINOIS**

Volume 1 of 2

**THE HABITAT COMPANY
AS RECEIVER FOR
THE CHICAGO HOUSING AUTHORITY

SCATTERED SITES PROGRAM**

**PHA DEVELOPMENT PROPOSAL
CABRINI EXTENSION (IL2-20) REPLACEMENT UNITS**

44 UNITS

**CABRINI EXTENSION
IL06-P002-182
CHICAGO, ILLINOIS**

Volume 2 of 2



The Chicago Housing Authority

Edwin Eisendrath
Chairman

Joseph Shuldiner
Executive Director

Executive Committee
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Artensa Randolph
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Dr. Mildred Harris

Ed Moses
Deputy Executive
Director for Community
Relations & Involvement

Ana Vargas
Deputy Executive
Director for Finance and
Administration

Jerome M. Butler
General Counsel

April 30, 1997

Mr. Daniel Levin
Chairman
The Habitat Company
350 W. Hubbard St.
Chicago, Illinois 60610

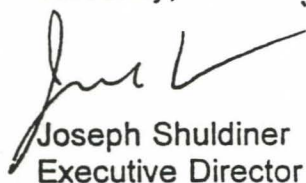
Dear Mr. Levin:

**SUBJECT: TRANSMITTAL OF EXECUTED HORNER HOPE VI
AND ABLA/BROOKS EXTENSION HOPE VI
DEVELOPMENT MANAGEMENT AGREEMENT**

Enclosed is one (1) original executed Horner HOPE VI and ABLA/Brooks Extension HOPE VI Development Management Agreement dated April 21, 1997. This document details provisions for The Habitat Company to perform development manager services for the 350 public housing replacements units contemplated under the HOPE VI Program. ABLA/Brooks Extension will receive 200 replacement public housing units and Henry Horner homes will receive 150 replacement public housing units.

Please do not hesitate to contact Andrew Rodriguez of my staff at (312) 791-8500, Extension 4501 if you have any questions or if we can provide assistance.

Sincerely,


Joseph Shuldiner
Executive Director

Enclosure

cc: Andrew Rodriguez, Director, Redevelopment Division
Valerie Jarrett, Executive Vice-President, The Habitat Company
Phillip Hickman, Senior Vice-President and Director of Scattered
Sites, The Habitat Company

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.

- 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. Personnel and Performance 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

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

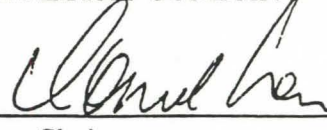
or to such other address(es) or addressee(s) as any party entitled to receive notices hereunder shall designate to others in the manner provided herein for the service of notices.

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

THE CHICAGO HOUSING AUTHORITY

By: _____
Executive Director

THE HABITAT COMPANY

By: _____
Chairman

Development Budget

Exhibit A

THE HABITAT COMPANY SCATTERED SITE PROGRAMS

Horner II

REVISED BUDGET - 42 MONTHS

28-Feb-97

TURNKEY - 150 Units

11:08 AM

{#4}

ACCOUNT CLASSIFICATION	Breakdown of Administrative Expenses		
	Budget	The Habitat Company	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		
1450. Dwelling Construction	0		
1455. Dwelling Equipment	0		
1470. Nondwelling Structures	0		
1475. Nondwelling Equipment	0		
1490. 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

28-Feb-97

TURNKEY - 200 Units

11:13 AM

(#4)

ACCOUNT CLASSIFICATION	Breakdown of Administrative Expenses		
	Budget	The Habitat Company	CMHDC/CHA
TOTAL DEVELOPER'S PRICE:			
1440 Site	0		
1450 Site Improvements	1,900,000		
1460 Dwelling Construction	17,017,634		
1455 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		
1450. Dwelling Construction	0		
1455. 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	24,003,185	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



U.S. Department of Housing & Urban Development
Office of the Assistant General Counsel - Midwest
77 West Jackson Boulevard, Room 2533
Chicago, IL 60604-3607

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*
Lewis M. Nixon, Assistant General Counsel for the Midwest,
SAC

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.



THE HABITAT COMPANY

MEMORANDUM

TO: Chief Judge Marvin E. Aspen

FROM: Daniel Levin and
The Habitat Company 

DATE: January 28, 1998

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

SCATTERED SITE PROGRAM - 1,602 UNITS

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

Current Status: Effective December 31, 1997, the development pipeline is summarized below for the Scattered Site Program.

UNITS	STATUS
1,550	Completed and Transferred
52	Under Construction*
1,602 Subtotal	Completed/Under Construction
0	To be Acquired
1,602	TOTAL

*Refer to Scattered Site Program 152 background and current status.

Design and Construction Activity: Construction activity continues on a total of one (1) Turnkey program. Completion status at the end of the quarter is as follows:

<u>Program #</u>	<u>% Completed</u>	<u>Program #</u>	<u>% Completed</u>
152	20%	161	19%

Scattered Site Program IL06-P802-152 and IL06-P802-175

Background: Program 152 and 175 a total of 59 units, were under a Turnkey Contract of Sale with Tyree/ALB Construction Joint Venture. After several delays the Developer was able to complete Program 175 and only four (4) of the 25 units in Program 152. The Developer is unable to extend its loan agreement with their bank and therefore, is unable to complete the remaining 21 units.

Current Status: Due to the default of the Developer, the Receiver has prepared termination and settlement documents in order to move forward with a conventional program approach with the selected contractor, Cyrus Development Group, Ltd..

Construction is currently scheduled to start in March pending final settlement with the original Developer.

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

<u>Address</u>	<u>Private Manager</u>	<u>Prog. #</u>	<u>Construction Started</u>	<u>Est. Completion</u>
1400 N. Kedzie Ave.	Hispanic Housing Devel.	154	February 1997	January 28, 1998
4421 N. Clifton Ave.	Housing Resource Center	161	April 1997	February 21, 1998
2608 W. North Ave.	Lutheran Social Services	161	May 1997	March 20 1998

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

Year	# of Units Completed & Transferred
1997 - 4th QTR.	0
1997- 3rd QTR.	15
1997- 2nd QTR.	38
1997 - 1st QTR.	44
1996	308
1995	203
1994	147
1993	340
1992	214
1991	107
1990	127
1989	7
Total:	1,550

Financial Activity: for each of the funded programs for the period ending December 31, 1997 is below:

PROGRAM	APPROVED BUDGET	COST (INCOME) TO DATE
115	\$ 8,885,442	\$ 8,885,442
116	7,448,320	7,448,320
117 (a)	(28,813)	(28,113)
118	8,978,987	8,978,987
119	2,485,483	2,485,483
120	6,956,047	6,956,047
121	2,265,118	2,265,118
122	4,825,930	4,209,166
123	7,827,851	7,065,028
124	8,286,784	8,135,811
125	2,039,484	2,039,484
126TK	2,062,780	2,062,780
127	2,386,667	2,386,667
128TK	2,989,732	2,980,721
129TK	2,271,403	2,271,403
130TK	2,894,112	2,901,334
131TK	2,556,421	2,490,867
132	2,530,000	2,506,079
133	2,075,167	2,075,167
134	2,055,883	2,055,051
135TK	2,661,470	2,565,215
136	2,336,466	2,336,466
137TK	2,719,177	2,500,560
138TK	2,614,379	2,480,528
139TK	2,446,921	2,459,552
140	3,877,443	2,258,500
141TK	2,700,924	2,545,180
142TK	2,411,349	2,235,986
143TK	3,303,012	3,169,568
147TK	2,676,540	2,645,626

PROGRAM	APPROVED BUDGET	COST (INCOME) TO DATE
149TK	2,709,352	2,641,453
150TK	2,522,813	2,333,425
151TK	2,747,255	2,696,107
152TK	2,410,726	640,766
153	2,549,740	2,546,470
154TK	3,988,830	3,448,068
155TK	2,627,030	2,469,295
156TK	2,679,344	2,611,175
157TK	2,723,598	2,656,660
158TK	3,149,769	2,946,303
159TK	2,634,087	2,590,885
160TK	2,909,461	2,743,993
161TK	4,143,819	647,850
175TK	3,369,490	3,185,847
176TK	3,688,870	3,377,309
TOTAL	\$154,394,663	\$142,903,629

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

Conclusion: Active construction continues on 31 units in 1 program. It is anticipated that most of the units will be complete by mid-1998. Program 152's remaining 21 units should start construction in March 1998. For the quarter the total funds expended was \$2,047,000. Since the Program's inception, \$142,903,713 has been spent.

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

CMHDC/Habitat Joint Venture

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

THC and CMHDC analyzed the estimated cost to complete 375 units and found that funds allocated for the units in 1990 were not sufficient to complete the number of planned units and that additional funds were needed. Additional funds were requested of HUD. HUD/Washington indicated that no additional funds were available and authorized the Joint Venture to construct the maximum number of units possible under the original funding. Based on the current acquisition status, the estimate for the total units which can be completed with the available funding is as follows:

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

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

Current Status: Effective December 31, 1997, the development pipeline is summarized below for the Demonstration/Family Self-Sufficiency Program.

<u>NO. of UNITS</u>	<u>STATUS</u>
80	Completed & Transferred to CHA
58	Under Construction
58	Design Phase/Bid Phase
42	Closed (Preconstruction)
238	SUBTOTAL (Closed Properties)
16	In Acquisition Process
254	TOTAL

Identification and acquisition continues of property located on the north and south sides of the City. Newer buildings (post 1978, when the use of lead based paint was banned) remain the primary focus for acquisitions. Since many of these areas have seen little new construction since the 1970s and have little market activity, the acquisition continues at a steady pace, although slower than originally anticipated.

Financial Activity: for each of the funded programs for the period ending December 31, 1997 is below:

<u>PROGRAM</u>	<u>APPROVED BUDGET</u>	<u>COST TO DATE</u>
145	3,457,281	3,357,650
146	2,289,199	2,240,122
162	3,521,980	3,800,716
164	4,320,001	3,371,238
165	3,012,835	2,215,152

PROGRAM	APPROVED BUDGET	COST TO DATE
166	3,462,074	2,550,045
167	1,960,003	1,440,286
168	1,680,003	1,059,912
169	1,680,003	188,713
170	1,820,003	933,232
171	1,820,003	910,361
172	2,300,000	515,229
173	4,198,153	3,790,745
177 (Family Self-Suff)	2,223,356	46,735
TOTAL	\$37,744,894	\$26,420,136

REPLACEMENT HOUSING PROGRAM

CMHDC/Habitat Joint Venture

Background: In 1987, the Court assigned the development management of CHA's non-elderly new construction projects to the Receiver. Originally, the Replacement Housing Program consisted of 105 units for Washington Park and 107 units for Cabrini. To date, the Receiver's Replacement Housing Programs have expanded to 1,644 units located in six different geographic areas. Twenty-two (22) programs have been funded totaling \$192,039,685. (See following charts which outline details by Program.) The funds have been awarded through various programs, public housing development funds, and the HOPE VI funds. Due to various Consent Decrees and the dedicated community involvement that exists in each development area, the Receiver has been committed to and is an active participant in informational and planning meetings. These meetings with Receiver's staff include, but are not limited to, various community organizations, public housing resident groups, CHA, HUD, City officials, design professionals, general contractors and the Court appointed special masters.

Current Status: Effective December 31, 1997, the development pipeline is summarized below for the Replacement Housing Programs.

PROGRAM	NAME	# Of Units	STATUS
IL06-P802-178	<u>Lawndale - 18 units</u> 18 Units	2	Transferred/Completed
		6	Under Construction
		10	Site Acquisition
IL06-P002-180 IL06-P002-180T IL06-P002-180P	<u>Washington Park - 317 units</u> Woodlawn	38	Site Acquisition
		15	Bid Process
		16	Acquisition/Purchase in other developments
IL06-P002-184		16	Transferred/Completed
		17	Under Construction
IL06-P802-193	Drexel	40	Pre-Bid
IL06-P802-193	Lakefront	90	Pre-Bid
IL06-P002-194 IL06-P802-194F	34 Units 4 Units	25	Transferred/Completed
		9	Under Construction
		4	Transferred/Completed
IL06-P002-205		7	Bid Process
IL06-P002-206		22	Design Phase
IL06-P002-207		18	Pre-Bid
	TOTAL	317	

PROGRAM	NAME	# Of Units	STATUS
	Horner - 466 Units		
IL06P802-188	30 Units	30	Transferred/Completed
IL06-P802-195	45 Units	39 6	Transferred/Completed Under Construction
IL06-P802-196	38 Units	38	Permit Review
IL06-P802-197	44 Units	44	Design Phase
IL06-P802-198	56 Units	56	Transferred/Completed
IL06-P802-199	39 Units	39	Under Construction
IL06-P802-200	30 Units	30	Under Construction
IL06-P802-191	51 Units	3 48	Transferred/Completed Under Construction
IL06-P802-201	43 Units	43	In Design/Site Acquisition
IL06-P802-202	43 Units	43	Under Construction
IL06-P802-203	32 Units	32	Under Construction
IL06-P802-204	15 Units	5 10	Transferred/Completed Funding review pending by HUD-Washington
	TOTAL HORNER UNITS	466	
	<u>Cabrini - 190 Units</u>		
IL06-P002-182	107 Units	63 28 16	Joint planning w/City & CHA Negotiations underway Acquisition pending
IL06-P002-192	83 Units	83	Joint planning with City/CHA
N/A	Cabrini-HOPE VI-303 Units	303	Joint planning with City/CHA
	TOTAL CABRINI UNITS	493	
	GRAND TOTAL REPLACEMENT UNITS	1294	

LAWNDALE REPLACEMENT HOUSING PROGRAM - 18 UNITS

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

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

The Receiver is in the process of negotiating a resolution on these issues. Specifically, this involves the upgrading of the exteriors of the eight (8) units being built at 3653- 3657 W. Douglas Boulevard and 1403-07 S. Spaulding (the former CHA building sites), and relocating the remaining ten (10) units to other sites in the North Lawndale area being provided by the City of Chicago. We have been given approval by Alderman Michael Chandler and Father Mike Ivers to purchase sufficient City lots throughout North Lawndale to complete the program. It is anticipated that site control will be obtained by the spring of 1998.

The current general contractor will complete the eight (8) units at 3653-3657 W. Douglas and 1403-07 S. Spaulding by the end of February 1998. To address the community's concerns with this general contractor, THC has selected New England Builders to complete the remaining ten (10) units on those sites being acquired from the City. The new contractor has met with Father Ivers and Alderman Chandler, and we do not anticipate any problems moving forward. It is anticipated that these units will be completed by the end of 1998.

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

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

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

Current Status - Areas within Kenwood-Oakland: Habitat is continuing its acquisition efforts within the Kenwood-Oakland area where possible. A total of five (5) newly rehabilitated units were put under contract, two (2) of which have closed.

A construction contract for 33 units was signed on March 31, 1997, with Lighthouse L.L.C. Construction. Seventeen units are under construction. As of December 31, 1997, sixteen (16) units had transferred to private management. The construction documents for seven (7) units to be rehabilitated under a separate conventional contract with Lighthouse L.L.C. have been priced and a budget has been sent to HUD asking for an increase in the budget. The construction documents for an additional 22 units are being completed. Construction will start in March, pending final pricing and weather conditions.

The City Council has approved the transfer of seven (7) City-owned properties, previously requested from the City, suitable for 22 units of public housing. Title has transferred on five (5) parcels with the remaining to be closed shortly. Four (4) more parcels have been identified by the City and have received community approval on June 19, 1997. Final City Council approval is pending on the four (4) lots, which is scheduled for February 4, 1998. Closings on these lots are anticipated by the end of March 1998.

A third Request for Proposal was issued on October 27, 1997, for 15 units as a mixed finance development. Land and program funds will be provided to developers who are expected to submit proposals containing additional land and money to create a "mixed income" development. Two (2) responses were received and minor omissions are being prepared. A recommendation to HUD will occur after consultation with all interested neighborhood parties and City planning departments.

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

Habitat has been contacted by several active developers who are in the process of developing market rate housing who want to include a number of replacement public housing units in their development. Thus, "site control" for the remaining number of infill units to be developed is being obtained through the purchase of additional private and City properties and through the location of replacement public housing units in private developments throughout the Kenwood-Oakland Revitalizing Area. At present there is "site control" for 142 units as follows.

Request for Proposals	Total # of Units	Units w/ Site Control	Status
Program 184A & 194A	33	33	16 complete, 17 in construction
Program 206	22	22	All 22 units in design
Program 180T-4300 RFP	15	15	Bid process
Program 193-Drexel RFP	40	40	Pre-bid
Program 205	7	7	All 7 units in design
Program 180P, 207	25	25	Pre-bid, 17 units to be acquired
TOTALS	142	142	

Effective December 31, 1997, the development pipeline is summarized below for the Lake Front Properties and Washington Park Replacement Programs:

UNITS WITHIN KENWOOD-OAKLAND REVITALIZING AREA		
PROGRAM	NUMBER OF UNITS	STATUS
IL06-P002-180T	15	Bid Process
IL06-P002-184	33	16 Transferred/Completed 17 Under Construction
IL06-P002-206	22	Design Phase

UNITS WITHIN KENWOOD-OAKLAND REVITALIZING AREA		
PROGRAM	NUMBER OF UNITS	STATUS
IL06-P802-193D	40	Pre-Bid
IL06-P802-193L	90	Pre-Bid
IL06-P002-205	7	Bid Process
IL06-P002-180P	16	Acquisition/Purchase
IL06-P002-207	18	Pre-Bid
TOTAL UNITS	241	

Current Status - General Areas Outside of Kenwood-Oakland: Construction began in February 1997 on 38 units of the 200 units outside the Kenwood-Oakland area, on property purchased using Washington Park Replacement funds. This is a rehabilitation program with 16 sites located in the Community Area of West Ridge, one in Lakeview and one in Uptown. All sites are managed by Housing Resource Center (HRC). As of December 31, 1997, 29 units have been transferred and nine (9) units are under construction.

Current Status - Limited Areas Outside of Kenwood-Oakland: The Woodlawn area continues to be reviewed for appropriateness for replacement housing required outside the Kenwood-Oakland area. Habitat and Gautreaux counsel have been analyzing the area for a revitalization waiver. Community leaders and Aldermen have been contacted about replacement units in Woodlawn. Purchase contracts have been prepared for twenty-two (22) parcels of vacant land parcels in Woodlawn at this time

UNITS OUTSIDE KENWOOD-OAKLAND REVITALIZING AREA		
PROGRAM	NUMBER OF UNITS	STATUS
IL06-P002-180	38	Site Acquisition
IL06-P002-194	34	25 units Transferred/Completed 9 units Under Construction
IL06-P802-194F	4	Transferred/Completed
	124	Unfunded Units
TOTAL	200	

STATUS SUMMARY FOR KENWOOD/OAKLAND UNITS	
Transferred and Completed	45 units
Under Construction	26 units
Bid-Process	22 units
Design Phase	22 units
Pre-Bid	148 units
Site Acquisition	54 units
TOTALS	317 units

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

303 Units
190 Units

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

In October 1996, the City of Chicago coordinated a team of local and national experts in community design, finance and development to formalize the Plan for creating a mixed income community. The firms selected were, Johnson, Johnson & Roy, Inc. and Goody, Clancy and Associates, who have developed a Plan with the input of representatives from the City of Chicago, the Board of Education, the Chicago Park District, The Chicago Transit Authority, The Habitat Company, HUD, CHA, Cabrini Residents and the Near North Community. The City is now in the process of issuing "Request for Proposals" for two (2) sites in the Plan area.

Current Status: Other than those efforts previously mentioned, the future role of The Habitat Company with regard to Cabrini has not yet been determined, and we have therefore not been able to direct or anticipate its process. We are, however, assisting the CHA and CMHDC in the funding of 44 replacement units being developed in two (2) market rate developments within the Plan area. The first 16 replacement units are scheduled to be acquired by January 31, 1998, and be ready for occupancy in the spring of 1998.

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

FUNDING SOURCE	AMOUNT	UNITS
HOPE VI Program	\$40,000,000*	303 (New Construction)
HOPE VI Program	-----	167 - Section 8 Certificates
Replacement Housing Programs IL06-P002-182	\$ 9,856,000	63 (New Construction)
IL06-P802-192	\$ 9,137,750	44 (Units to be Acquired)
		83 (New Construction)
TOTALS	\$58,993,750	660

*This Program is funded directly to CHA.

HENRY HORNER REVITALIZATION PROGRAM - PHASE I - 466 UNITS

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

Phase I of the six year, five-phase program initially involved the demolition of two high-rise and three mid-rise buildings (completed) and the replacement of 466 units to accommodate both displaced and relocated residents. Planned replacement housing units will be new town homes or two and three flat buildings both on the present site and in the Horner Revitalization Area. The majority of units (373) will be located east of Western Avenue, with the remaining 93 units to be placed west of Western Avenue. All replacement housing will be low density and low rise with private entrances in keeping with the contextual style of the surrounding community.

Current Status: As of December 31, 1997, 133 units have been completed and transferred to CHA. A total of 198 units are under construction. The Program's land acquisition efforts are in its final stages and all 466 replacement units are currently under construction (198), completed (133), or in design and/or permit application review (135, including the 43 units South of Madison). All programs now in design are expected to begin construction in the Spring of 1998. All programs are also bound by the "Multi-Project Labor Agreement" entered into in August 1996, which provides Henry Horner and other Public Housing residents opportunities for apprenticeships and employment in connection with local labor unions and the constructing of replacement public housing.

In December 1996, the Horner Residents Committee (HRC) submitted a request that revised the original bedroom counts to accommodate a larger number of families needing larger bedroom units (typically four or five bedroom units). Habitat held several meetings with the HRC, CHA, Pinnacle, Gautreaux counsel and residents of the West Haven community. The objective was, to the extent possible, to accommodate the Horner residents' relocation choices. In early February, an agreement was reached regarding the distribution of the large bedroom units and the reissued plan met the choices of the Horner residents. This effort delayed the finalization of design for some of the Programs.

In early March 1997, the Gautreaux counsel raised new concerns about the concentration of large bedroom units in five (5) locations throughout the Revitalization Areas, shown on the previously agreed, revised plan. The Receiver was asked to again review the distribution of the large bedroom units. As a result, additional changes were again made to the geographic distribution of these units which were found to be acceptable to Gautreaux counsel. This accommodation has resulted in additional delays for the completion of design work for the affected Programs. A schedule for completion of the Programs is set forth on pages 15.

Please note that the Horner Replacement Housing was being funded by two separate ACC's: Program IL06-P802-188 with 286 units and IL06-P802-191 with 180 units. In an effort to move forward quickly, we have been proceeding with Requests for Proposals and construction contracts by dividing these two large programs into smaller more expeditious packages. The intent was to distribute the workload to different developers/contractors which allows some packages to be completed sooner than others. We have reconfigured these programs, making each package a new program. This reconfiguration allows the smaller programs to reach Date of Full Availability (DOFA) and End of Initial Operating Period (EIOP) sooner than the two larger program configurations. This will permit the units to receive the management operating

subsidy sooner and minimize the payment of initial operating deficit. Following is a list of program numbers, selected developer/contractor, joint venture non-profit partner and architects, also identifying contract type, and anticipated design completion and construction start dates:

Program#	# Units	Contract Type	Developer/ Contractor	Non-profit Partner	Architect	Design Completion Date*	Construction Start
188	30	Turnkey	MCL	Near West	Smith & Smith	Complete	11/18/96 Completed
195	45	Turnkey	Enterprise	Hull House	Bauhs Dring & Main	Complete	11/18/96
197	44	Turnkey	Cyrus	Renaissance	Thomas & Thomas	Complete	4/7/97**
196	38	Conventional	Horner New Horizons	Near West	Landon Architects	Complete	3/1/98
198	56	Turnkey	Horner New Horizons	HAM	SCB	Complete	7/3/96 Completed
202/200	73	Conventional	Enterprise	Hull House	Johnson Lee/HBB	7/1/97	10/27/97
199/ 203	71	Conventional	Horner New Horizons	HAM	SCB	6/20/97	8/1/97
191	51	Conventional	Horner New Horizons	Near West	Bauhs Dring & Main/Landon	5/9/97	6/2/97**
201	43	Conventional	Horner New Horizons	Near West	Bauhs Dring & Main	5/9/97	6/2/97**
204	15	Conventional	Genesis/Coates	Near West	Farr & Assoc. w/E.C. Purdy	Complete	11/30/97***

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

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

***Pending HUD-Washington, D.C. budget approval.

West of Western Background: In the Fall of 1996, the Receiver began meeting with the "West of Western" community to review development plans for the area. Conversations occurred continuously and community meetings were held throughout the spring and summer, with the Court-appointed special master, Ed Marciniak in attendance at several of these meetings. The key issues are design and neighborhood context, inclusion of single family homes (in a multi-level style), dispersment and reduction of the number of units and resident participation in the management of these buildings. All land has been acquired to accommodate the request to have greater dispersal of the units. In response to the design issues, the contracted architectural firm has included design changes that incorporate as many of the residents' requests as possible. THC assured the residents that construction will not begin until every effort is made to resolve these issues. This is a reduction from the 93 units originally proposed. THC also committed to assist the community by arranging meetings with private developers who are interested in developing market-rate, single-family homes in their area.

To help make up the deficit of units, THC, at the request of the local Alderman, began the process of acquiring City owned property within the area between Madison and Eisenhower Expressway, and between Talman and Kedzie ("South of Madison" area). At a community meeting held on September 3, 1997, in this South of Madison area, preliminary plans for the development of the 43 remaining units were presented. Unlike previous meetings, the proposal received a favorable response. This meeting was attended by Special Master, Ed Marciniak as well.

The Receiver met with Judge Zagel, on September 16, 1997, regarding our proposal for these 43 units, at which time he directed us to proceed with the land acquisition and the preparation of a "Waiver" request for the South of Madison area to be presented to you. We are now in the process of preparing to come before you for a waiver request. We have also been working with HUD to obtain permission to acquire the subject properties. The approval of the sale of these properties is pending with the Chicago City Council.

A "Schedule" summarizing each program status per the Order of Judge Zagel, dated December 20, 1996, which approved the Receiver's Early Start "Schedule" of December 4, 1996, is set forth below as well as a summary of the status of each Program, as of December 31, 1997:

<u>Status/Programs</u>	<u>Units</u>	<u>"Schedule"</u> <u>%'tage</u>	<u>Revised</u> <u>Comp. Est</u>	<u>Comp</u> <u>Est.</u>
Units completed, on or ahead of Schedule Programs 188, pt. 191, 195, 198, 199/203 and pt. 204.	<u>210</u>	45.1%	188-10/97 195-11/97 198-5/97 199/203-4/98	Completed 1/98 Completed 4/98
Units less than three months behind Schedule Programs pt. 191, 200/202 - Superblock "A", and pt. 204	<u>131</u>	28.1%	191-5/98 200/202-7/98 204-6/98	8/98 8/98 8/98
Units up to eight months Behind Schedule Programs 196, 197 and 201	<u>125</u>	26.8%	196-4/98 197-4/98 201-4/98	10/98 10/98 12/98
TOTAL UNITS =	466	100%		

¹ The fifty-one (51) units in Program 191 located East of Western Avenue have commenced construction, with the first three (3) units already transferred. Contract negotiations, pricing and design issues have contributed to the delay with Program 200/202 (Superblock A). The issues were resolved and a construction contract executed. A request for additional funding for Program 204 is necessary. We requested approval by HUD-Washington on October 10, 1997, and are still waiting for their response.

² Program 196 is delayed because it was necessary to terminate negotiations with the initial contractor and to readvertise the Program because of the contractor's inability to meet the budget constraints. A new contractor has been selected and has commenced the building permit review process with the City of Chicago.

The units in Programs 197 and 201 that are more than three months behind Schedule, are delayed due to community issues, as set forth in our letter to the residents of the "West of Western" community, dated August 14, 1997.

The status of property in the development pipeline effective December 31, 1997, for the 466 units is summarized below:

HORNER REVITALIZING AREA	
NO. of UNITS	STATUS
133	Completed & Transferred to CHA
198	Under Construction
38	Permit Review
10	Funding Review with HUD

HORNER REVITALIZING AREA	
NO. of UNITS	STATUS
44	Design Phase
43	Pending Site Acquisition
466	TOTAL

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

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

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

The application provided for The Habitat Company to be the development manager. Funds will be provided by HUD directly to CHA. A Development Management Agreement was reached during the first quarter of 1997 between Habitat and CHA for the planning and development of these replacement units. A final written agreement was executed on April 21, 1997, which requires the Receiver and CHA to submit a Revitalization Plan containing detailed development plans within 90 days of receipt of the grant agreement letter, which confirms the awarding of funding. This letter was received on October 20, 1997.

Current Status: The planning and resident input/participation process has begun for the formulation of Revitalization Plans for both Programs. CHA and Habitat have been working with both LAC's in preparing the Revitalization Plans which are due into HUD-Washington on January 20, 1998.

FINANCIAL ACTIVITY - REPLACEMENT HOUSING PROGRAM - 1,644 UNITS

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

PROGRAM	NO. of UNITS	APPROVED BUDGET	COST TO DATE
178 (Lawndale)	18	2,121,713	1,318,790
180 (Washington Park)	59	7,094,308	899,527
182 (Cabrini)	107	9,856,000	441,968
184 (Washington Park)	33	4,130,506	2,579,434
188 (Horner)	30	3,615,234	3,608,799
191 (Horner)	51	5,985,830	1,785,392
195 (Horner)	45	4,878,068	4,687,484
196 (Horner)	38	4,356,503	389,287
197 (Horner)	44	6,373,343	390,946

PROGRAM	NO. of UNITS	APPROVED BUDGET	COST TO DATE
198 (Horner)	56	5,533,015	5,469,914
199 (Horner)	39	4,234,703	1,009,645
200 (Horner)	30	2,839,515	715,634
201 (Horner)	43	5,239,868	219,967
202 (Horner)	43	5,330,430	302,356
203 (Horner)	32	4,208,033	3,860,845
204 (Horner)	15	2,195,693	1,170,702
192 (Cabrini)	83	9,137,750	182,835
193 (Lake Front)	130	16,216,250	564,005
194 (Washington Park)	38	5,913,691	5,741,607
205 (Washington Park)	8	858,123	369,000
206 (Washington Park)	27	3,255,568	0
207 (Washington Park)	22	2,652,702	0
Cabrini HOPE VI	303	40,000,000	0
Horner 1996 HOPE VI - Phase II	150	18,435,300	0
ABLA 1996 HOPE VI - Phase I	200	24,483,250	0
TOTALS	1,644	\$198,945,396	\$35,708,137

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

RECEIVED
DEC ' 3 1993

DOROTHY GAUTREAUX, et al.

Plaintiffs,

v.

CHICAGO HOUSING AUTHORITY and HENRY
CISNEROS, Secretary of Department of
Housing and Urban Development -

Defendants.

Judge Marvin E. Aspen
U.S. District Court

66 C 1459

66 C 1460

(Consolidated)

AGREED ORDER

WHEREAS, on August 14, 1987 the Court entered an Order
appointing the Habitat Company as Receiver and giving the
Receiver

all powers of CHA respecting the scattered site program
necessary and incident to the development and administration
of such program, including: (1) Making all determinations
governing the scattered site program in compliance with
prior and future orders of this Court, including without
limitation (1) submission to HUD of applications for
funding, development programs and other documents
(Order, pp. 2-3);

WHEREAS, on March 9, 1990, the Court entered an Agreed Order
recognizing that the August 14, 1987 Order had given the Receiver
the authority to develop and administer the scattered site
program "on an exclusive basis" (Order, p. 1), but nonetheless
granting CHA the authority to develop up to 350 units of
scattered site housing as a demonstration program (the
"Demonstration Program");

WHEREAS, on August 3, 1993 in a status conference with the parties conducted by telephone, the Court approved a Joint Venture Agreement between the Receiver and the Chicago Metropolitan Housing Development Corporation, an affiliate of CHA, for the development of the 350 Demonstration Program units, which agreement contemplated the possibility that the Joint Venture would seek authority to develop 18 units of scattered site housing in the North Lawndale area (as replacement for 18 public housing units proposed to be demolished in that area) and 25 units of scattered site housing under the Family Self-Sufficiency Program (Agreement, p. 5);

WHEREAS, CHA has submitted applications to HUD for funding to develop such 18 scattered site units and such 25 scattered site units, as well as for 377 units of additional scattered site units (Projects IL06-P002-180 and P002-182) to replace certain other public housing units proposed to be demolished;

WHEREAS, the 18 scattered site units proposed to be constructed in the North Lawndale area are in the Limited Public Housing Area as defined by previous Court orders; and

WHEREAS, believing that it is in the best interests of the Gautreaux plaintiff class that the Joint Venture be authorized to develop the scattered site units referred to above, the parties are in agreement that the aforementioned Court orders should be modified as set forth below;

THEREFORE, IT IS HEREBY ORDERED THAT:

1. CHA shall be deemed, nunc pro tunc, to have had the authority to apply for funding for the development of 18 units of

scattered site housing in the North Lawndale area as replacement for 18 units of public housing proposed to be demolished in that area, 25 units of scattered site housing under the Family Self-Sufficiency Program, and 377 additional scattered site units (Projects IL06-P002-180 and P002-182) to replace certain other public housing proposed to be demolished, provided, however, that unless otherwise ordered by this Court all future funding applications for scattered site development shall be submitted by the Receiver in accordance with the August 14, 1987 Order of this Court;

2. The Joint Venture is hereby authorized to develop such 18 units of scattered site housing in the North Lawndale area of Chicago, a Limited Public Housing Area, in addition to the 350 Demonstration Program units previously authorized;

3. The Joint Venture is hereby authorized to develop such 25 units of scattered site housing under the Family Self-Sufficiency program, in addition to the 350 Demonstration Program units previously authorized, subject to further orders of this Court, if necessary, respecting the location of such units;

4. The Joint Venture is hereby authorized to develop such numbers of units of scattered site housing as HUD may authorize pursuant to such CHA applications for funding for 377 additional scattered site units to replace certain other public housing units proposed to be demolished, subject to further orders of this Court, if necessary, respecting the location of such units; and

5. Except as provided above, all other currently effective orders of the Court in these consolidated cases shall remain in full force and effect.

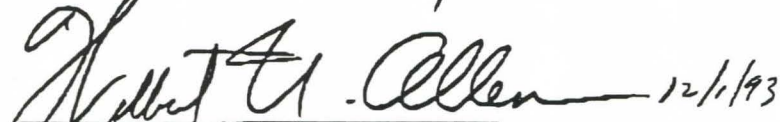
ENTERED:

December __, 1993

United States District Judge

AGREED TO ON BEHALF OF:


Plaintiffs

 12/1/93
Chicago Housing Authority

U. S. Department of Housing
and Urban Development

Receiver

5. Except as provided above, all other currently effective orders of the Court in these consolidated cases shall remain in full force and effect.

ENTERED:

December __, 1993

Marion E. Cooper
United States District Judge

AGREED TO ON BEHALF OF:

Richard P. Perry
Plaintiffs

William A. Allen 12/1/93
Chicago Housing Authority

John C. Hurst
U.S. Department of Housing
and Urban Development

Receiver

5. Except as provided above, all other currently effective orders of the Court in these consolidated cases shall remain in full force and effect.

ENTERED: .

December __, 1993

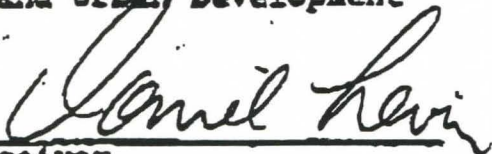
United States District Judge

AGREED TO ON BEHALF OF:

Plaintiffs

Chicago Housing Authority

U. S. Department of Housing
and Urban Development



Receiver

DANIEL LEVIN
THE HABITAT COMPANY

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

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

AFFIDAVIT OF BARRY A. MILLER

Barry A. Miller, being duly sworn upon oath, states:

1. I am a partner at the law firm of Miller, Shakman, Hamilton, Kurtzon & Schlifke, with which I have been affiliated since 1982, and a member of the bar of this Court.

2. Since May 1997, I have acted as one of the attorneys for Daniel E. Levin and The Habitat Company, the Receiver in this matter.

3. The suggestions in the CHA's Motion for Stay that the Receiver did not act in 1997 to protest the CHA's attempt to supplant the Receiver with respect to HOPE VI development are not accurate.

4. On June 17, 1997, I participated in a meeting with several representatives of the CHA, including Jerome Butler and Thomas Johnson, lawyers for the CHA, and with Daniel E. Levin and Valerie Jarrett of The Habitat Company. At that meeting,

we discussed a number of issues largely dealing with Horner that had been raised in the May 1997 Emergency Motion filed by the Receiver.

5. Following the meeting, I wrote Mr. Johnson to confirm the matters discussed. A copy of my letter is attached as Exhibit 1 hereto. In that letter, I confirmed that the Receiver had advised the CHA in the June 17 meeting:

that it would like to hold a separate meeting to discuss other matters, including HOPE VI funding . . . and the provision of information to Habitat under the Gautreaux Court's Order. We would appreciate it if such a meeting would be scheduled next week.

6. On June 19, 1997, I also spoke with Mr. Johnson, one of the attorneys for the CHA. I told him that the Receiver wanted to meet with CHA to discuss outstanding issues. Mr. Johnson asked me to specify the issues the Receiver wished to discuss. Among the issues I identified were the dispute about funding at Cabrini-Green, the CHA's July 1997 HOPE VI application, the CHA's site selection activities, and the CHA's failure to provide all information requested by the Receiver.

7. Before the meeting with the CHA occurred, Chief Judge Aspen invited all of the Gautreaux parties to an in-chambers conference to discuss the relationship among them. Each party stated its position. During that conference, Daniel E. Levin advised the Court, inter alia, that:

- the Receiver believed the CHA was improperly excluding the Receiver from development authority over non-elderly housing built with HOPE VI funds;
- the CHA's actions indicated that it resented the Receiver;

- the Receiver wanted to develop housing, and did not care what title it was given, as long as it could perform its role;
- the Receiver had agreed to the "development manager" label for its development activities using HOPE VI funds in an effort to smooth its relationship with the CHA;
- the CHA was fighting the Receiver and causing problems on petty matters; and
- the Receiver wished to meet with the CHA to reach an accommodation over the respective roles of each so that the petty disputes would end and the two entities could cooperate.

We informed the Court that we had scheduled a meeting for the next week to discuss these issues with the CHA.

8. During the in-chambers meeting on July 2, Chief Judge Aspen responded by saying that he encouraged the parties to meet together to attempt voluntarily to resolve their disputes about all outstanding issues. He offered to appoint a special master to mediate, if that would help. He also expressed his willingness to resolve any contested disputes, if that were required.

9. The meeting with the CHA requested by Habitat was scheduled for July 10, 1997. Following the in-chambers meeting with Chief Judge Aspen, I wrote Jerome Butler on July 3 to advise him in more detail of the points the Receiver wished to raise at the July 10 meeting.

10. A copy of my July 3, 1997 letter to Mr. Butler is attached as Exhibit 2 hereto. In that letter, I listed 11 points the Receiver wished to discuss with the CHA. These included:

1. Site Selection Activities. Habitat would like to discuss whether the CHA's site selection activities for family housing development are consistent with Chief Judge Aspen's August 14, 1987 Order.

2. HOPE VI Issues. As you know, it is Habitat's view that it must participate in the application for HOPE VI funding used for family housing development (including any application the CHA is making this month), as well as the administration of any such program (including the letter we understand the CHA is planning to send to HUD in August about some of its prior HOPE VI programs). Habitat views HOPE VI as within the scope of Chief Judge Aspen's August 14, 1987 Order. The CHA does not agree. Habitat would like to discuss this general disagreement. Habitat would also like to discuss each of the developments currently being pursued under HOPE VI.

Other matters discussed included the CHA's direction to private managers not to provide information to Habitat, the Cabrini-Green long-term lease arrangements, funds the CHA diverted from an account used by Habitat at HUD, and Horner matters.

11. Mr. Butler responded on July 9 with a letter to me. A copy is attached as Exhibit 3 hereto.

12. Mr. Butler's July 9 letter said that the CHA would refuse to discuss at the July 10 meeting the broad issues that we had asked to have discussed -- despite Chief Judge Aspen's directions that we should negotiate. (We had asked to have these issues discussed in the June 17 meeting, in my June 19 letter to Mr. Johnson, in my June 19 conversation with Mr. Johnson, in the in-chambers conference with Chief

his July 9, 1997 letter, where he asserted that the two questions were the same, and that the Receiver's authority would be decided by determining if the Gautreaux orders apply to HOPE VI:

2. Is HOPE VI within the scope of the August 14, 19[8]7 order? You correctly state the CHA's position that HOPE VI is not within the scope of Gautreaux (and therefore outside the scope of the 1987 order) If the Receiver chooses to dispute the CHA's activities regarding HOPE VI, the real issue will be the applicability of the Gautreaux orders to HOPE VI. The proper forum for the resolution of this fundamental issue is the court.

July 9, 1997 letter at 2 (emphasis added).

14. I replied by letter to Mr. Butler on July 10, 1997. A copy of the letter is attached as Exhibit 4 hereto. In my letter, I objected to limiting the July 10 meeting to Horner-related issues, and corrected a number of the inaccurate statements in Mr. Butler's letter.

15. The meeting did occur on July 10, 1997. Mr. Levin, Ms. Jarrett, Douglas R. Woodworth, and Philip Hickman attended for the Receiver. The CHA representatives included Joseph Shuldiner, Edwin Eisendrath, Mr. Johnson, and Mr. Butler. On July 11, 1997, I wrote Mr. Butler and Mr. Johnson a letter confirming what occurred at the meeting. A copy of my confirming letter is attached as Exhibit 5 hereto.

16. At the beginning of the July 10 meeting, Mr. Butler said the CHA was not prepared to discuss non-Horner issues. (In an apparent attempt to limit discussion to Horner-related issues, the CHA invited William Wilen, counsel for the plaintiff class in the Horner litigation, without informing the Receiver in advance that Mr. Wilen would

be present.) As a courtesy to Mr. Wilen and because of the CHA's refusal to discuss non-Horner related issues -- including the HOPE VI question -- we proceeded to discuss Horner-related issues.

17. Mr. Butler concluded the meeting by saying that the CHA was willing to discuss, at some future date, some, but not all, of the non-Horner issues.

18. In addition to the letter I wrote Mr. Butler and Mr. Johnson on July 11, 1997 to confirm the July 10 meeting, I wrote Mr. Butler a separate letter about HOPE VI. A copy is attached as Exhibit 6 hereto. In that letter, I quoted the Court's August 14, 1987 Receivership Order, and discussed its application to HOPE VI.

19. I also specifically objected in my July 11, 1997 letter to the CHA's submitting an application to HUD for HOPE VI funds for new housing development at ABLA II without the participation of the Receiver as a co-applicant, and I requested that the Receiver participate in any meetings on such funding.

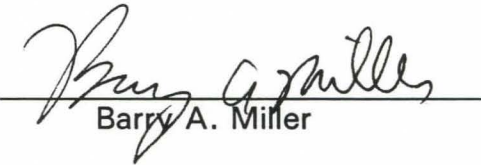
20. On July 14, 1997, I spoke with Mr. Butler and Mr. Johnson. We scheduled a meeting on July 17 to discuss additional issues.

21. During the phone conversation, Mr. Johnson told me he was drafting a letter for Mr. Butler to send me about the July 17 meeting. Mr. Johnson told me the letter would say that the CHA was willing to discuss issues relating to Habitat's costs, Habitat's resident employment program, the CHA's site selection activities, Horner finance issues, and the Receiver's "Program 117" fund at HUD, but that the CHA was

not willing to discuss HOPE VI. Mr. Johnson said that the CHA believes that HOPE VI is part of the litigation with Mr. Polikoff, and viewed the Receiver as "a non-combatant" on the issue.

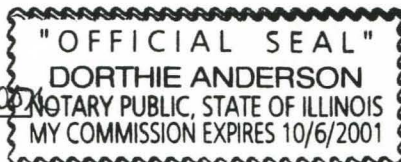
22. On July 17, 1997, Mr. Butler sent me a letter concerning certain points in my letters of June 19, July 3, and July 11. In his July 17 letter, Mr. Butler repeated that the CHA would not discuss at the July 17 meeting most of the issues raised in my July 3 letter, including the HOPE VI issues. A copy of the letter is attached as Exhibit 7 hereto. (The fax legend says that seven pages were sent, but our file does not contain the seventh page.)

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


Barry A. Miller

Subscribed and sworn to
before me this 31st day of
March, 1998.


Notary Public



MILLER, SHAKMAN, HAMILTON, KURTZON & SCHLIFKE

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759-7231

June 19, 1997

BY FAX AND MAIL

Thomas E. Johnson
Johnson, Jones, Snelling,
Gilbert & Davis, P.C.
Suite 1310
36 South Wabash Avenue
Chicago, IL 60603

Re: *Gautreaux v. CHA*, No. 66 C 1459, 66 C 1460
Henry Horner Mothers Guild v. CHA, No. 91 C 3316

Dear Tom:

I am writing to confirm some of the points discussed at our meeting Tuesday afternoon in Jerome Butler's office.

The meeting included a long series of discussions, principally centering on matters relating to Horner. Each side expressed its views on a number of issues. Among the points that were agreed:

1. The CHA agreed to turn over current information about occupancy at the Horner replacement housing, including the status of rental efforts. The CHA agreed to update this information on a regular (weekly) basis. Upon receiving information about which apartments have been leased, Habitat will work with the CHA to coordinate better the turnover of apartments.
2. The CHA will provide a detailed overview to Habitat about its screening process at Horner. Habitat has agreed to offer suggestions to the CHA on these issues, as appropriate.
3. The CHA offered to schedule a meeting with all its private managers, including Habitat, to discuss relevant matters.

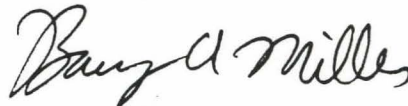
MILLER, SHAKMAN, HAMILTON, KURTZON & SCHLIFKE
Thomas E. Johnson
June 19, 1997
Page 2

Among the other points discussed were the following.

4. The CHA provided information about its view of the vandalism situation at Horner.
5. Habitat requested information about the status of the CHA's transitional assistance program.
6. The status of construction at Horner, particularly focusing on West of Western.
7. The CHA requested that Habitat withdraw its Emergency Motion for Instructions, or declare that its concerns were unwarranted. Habitat declined to do so and restated that it viewed its motion as proper, but said it would consider what, if any, public statement it could make.

In addition, Habitat advised the CHA that it would like to hold a separate meeting to discuss other matters, including HOPE VI funding, issues with respect to other developments, and the provision of information to Habitat under the Gautreaux Court's Order. We would appreciate it if such a meeting would be scheduled next week. Please call me with available dates and times for you, Jerome, and whoever else the CHA chooses to bring.

Sincerely,



Barry A. Miller

cc: Jerome Butler
Daniel Levin/Valerie Jarrett (by fax)
Michael Shakman

MILLER, SHAKMAN, HAMILTON, KURTZON & SCHLIFKE

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WRITER'S DIRECT LINE

July 3, 1997

759-7231

BY FAX AND MAIL

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Chicago, IL 60606

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Suite 1310
36 South Wabash Avenue
Chicago, IL 60603

Re: *Gautreaux v. CHA*, No. 66 C 1459, 66 C 1460
Henry Horner Mothers Guild v. CHA, No. 91 C 3316

Gentlemen:

I am writing to advise you in more detail of the points Habitat would like to discuss at its meeting next Thursday at 2:30 p.m. with the CHA. Habitat hopes to use the meeting to discuss the full relationship between Habitat, as Receiver, and the CHA. Habitat wishes to explain its view of its obligations, and obtain clarification of the CHA's position.

Current issues include the following:

1. Site Selection Activities. Habitat would like to discuss whether the CHA's site selection activities for family housing development are consistent with Chief Judge Aspen's August 14, 1987 Order.

2. HOPE VI Issues. As you know, it is Habitat's view that it must participate in the application for HOPE VI funding used for family housing development (including any application the CHA is making this month), as well as the administration of any such program (including the letter we understand the CHA is planning to send to HUD in August about some of its prior HOPE VI programs). Habitat views HOPE VI as within the scope of Chief Judge Aspen's August 14, 1987 Order. The CHA does not agree. Habitat would like to discuss this general disagreement. Habitat would also like to discuss each of the developments currently being pursued under HOPE VI.

3. Cabrini-Green Area Leasing. The CHA has requested that Habitat use its Gautreaux money to arrange long-term, 40-year leases of units being built by McLean/Davis in the Mohawk North development. Habitat would like to discuss this program, so it may be resolved quickly.

4. Program 117. We have been informed that the CHA has apparently transferred \$450,000 from an account at HUD used by Habitat known as "Program 117." We have been told that the funds may have been used to repay an obligation incurred by the CHA in connection with litigation relating to a senior housing development. If that is true, we do not believe that payment from this program was appropriate.

5. CHA Information Cutoff Memo. On June 11, 1997, Mr. Butler wrote the Scattered Site Managers and directed them not to respond to any requests for information from (or to contact) Habitat until notified otherwise. You stated that a failure to comply with your direction would be considered to be a breach of the managers' contractual agreements with the CHA. We wish to discuss whether that action violates paragraph 7 of Chief Judge Aspen's August 14, 1987 Order, and whether it is consistent with working together in a cooperative manner.

6. Horner Vacancies/Occupancy. At our meeting of June 17, the CHA agreed to provide Habitat with current information about occupancy at the Horner replacement housing, including the status of rental efforts. The CHA agreed to update this information on a regular (weekly) basis. On June 24, Habitat asked Mr. Touhy for the information. He promised to send it that afternoon. Habitat is still waiting for the information.

7. Horner Screening Overview. The CHA also agreed at the June 17 meeting to provide Habitat with an overview of tenant screening at Horner. The overview has not yet been provided.

8. Private Managers' Meeting. The CHA agreed on June 17 to schedule a meeting with all its private managers, including Habitat, to discuss relevant matters. The meeting has not yet been scheduled.

9. Horner Tenant Transition Assistance. Habitat requested on June 17 to be kept abreast of any major developments in the transitional assistance program at Horner. Habitat looks forward to an update at our meeting.

10. Horner Turnover Issues. We would like to discuss the CHA's policy on acceptance of units from Habitat, and the role the HRC will continue to play in the process.

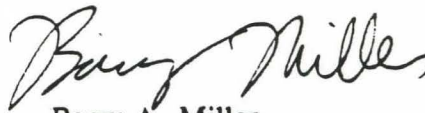
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July 3, 1997
Page 3

11. Horner Decree Finance Issues. There are several issues we want to address relating to interpretation of the September 1, 1995 Order Approving Amended Consent Decree entered by Judge Zagel in the Horner case concerning financing.

- a. Horner funding. Habitat is concerned as to whether the way the program has been funded is consistent with the CHA's obligations under page 35, paragraph 19 of the September 1, 1995 Order. Habitat is concerned that the "extra" \$5 million paid by HUD was intended to fulfill HUD's obligation under section 19(A)(2). We would like to discuss the application of this section. In addition, Habitat would like to know how many Section 8 units have been selected by Horner residents.
- b. Scattered Site Horner Credit. Paragraph 15, page 31 of the Horner amended decree provides that for every scattered site unit moved into by a resident of Horner (but not from the Extension), Habitat is entitled to \$109,000 reimbursement from the CHA. Habitat would like to discuss procedures for obtaining the files demonstrating the number of residents who have moved from Horner to scattered site housing, and identifying whether such residents have moved from the Extension. Habitat also would like to discuss arrangements for the payment of this compensation, so the funds can be used to build additional housing.

We would appreciate it if you would advise us of any issues the CHA would like to raise with Habitat. Habitat looks forward to hearing the CHA's views, and discussing the issues raised. We know that Habitat and the CHA have had disagreements in the past about their respective roles. Habitat still hopes it can work together with the CHA to provide housing to the people of Chicago in an effective manner, consistent with prior Court Orders and with Chief Judge Aspen's wishes, as he expressed them on July 2.

Sincerely,



Barry A. Miller

cc: Philip Hickman
Valerie Jarrett
Daniel Levin
Michael Shakman
Douglas R. Woodworth



The Chicago Housing Authority

Office of the General Counsel

Edwin Eisendrath
Chairman

Joseph Shuldiner
Executive Director

Executive Committee
Rosanna Marquez
Artens Randolph
Timothy W. Wright III
Dr. Mildred Harris

Ed Moses
Deputy Executive
Director for Community
Relations & Involvement

Jerome M. Butler
General Counsel

BY FACSIMILE AND U.S. MAIL

July 9, 1997

Barry A. Miller
Miller Shakman, Hamilton, Kurtzon & Schlifke
208 S. LaSalle Street
Chicago, IL 60604

Re: Gautreaux v. CHA, No. 66 C 1459, 66 C 1460
Henry Horner Mothers' Guild v. CHA No. 91 C 3316

Dear Mr. Miller:

I am responding to your letter of July 4 to me and Tom Johnson in which you identify issues that you state you would like to discuss at Thursday's meeting. You also state that "Habitat hopes to use the meeting to discuss the full relationship between Habitat, as Receiver, and the CHA."

Our first disagreement is the scope of Thursday's meeting. The prior meeting was scheduled pursuant to Judge Zagel's directive that the Horner parties meet and attempt to resolve those issues which were the subject of Habitat's Emergency Motion for Instructions. This Thursday's meeting was never intended to include broad issues such as the relationship between the CHA and the Receiver, the applicability of the Gautreaux decree to HOPE VI, and the proper use of Program 117 funds. Dan and I both told Judge Aspen that the purpose of Thursday's meeting was to continue our discussions from the prior meeting. I am sure that this is what Judge Zagel expects to happen.

I also believe that Judge Aspen expects that the issues to be discussed go beyond Horner and involve Gautreaux. At the status conference, I expressed my view that the prior meeting concerned only Horner issues, which he had expressly deferred to Judge Zagel. Dan disputed that statement and told Judge Aspen that our meeting went beyond Horner and included Gautreaux issues. Had the Judge realized that the issues on the agenda for Thursday's meeting were in fact all Horner related, I believe he would have again deferred to Judge Zagel.

Because Judge Aspen stated that he would consider appointing a special master to mediate disputes that may not be resolved at Thursday's meeting, it is important that we be clear about what will be on the table Thursday, and what will not. I do not believe Judge Aspen expected the parties to resolve Horner issues and the fundamental issues upon which we disagree at Thursday's meeting, or face the appointment of a special master. Our fundamental disagreements on the Gautreaux issues identified in your letter could never be resolved through negotiation at Thursday's meeting. For these reasons, the scope of the meeting must be confined to only those issues discussed at the prior meeting.

It may be helpful for later discussions if I briefly respond to each of your points.

1. Are CHA's site selection activities consistent with the August 13, 1997 order? This is a very broad issue and I do not know what you are concerned about. If it is limited to the CHA's activities west of Western, that is a Horner issue, it was not discussed at our last meeting, and it should be resolved in the context of the Horner case. Furthermore, to my knowledge, CHA has not selected any sites for development of Horner replacement housing. If your concern suggests that CHA can not or should not express its preference that the development areas be expanded, we can not and will not agree.
2. Is HOPE VI within the scope of the August 14, 1997 order? You correctly state the CHA's position that HOPE VI is not within the scope of Gautreaux (and therefore outside the scope of the 1987 order), and we understand your position regarding the 1987 order. If the Receiver chooses to dispute the CHA's activities regarding HOPE VI, the real issue will be the applicability of the Gautreaux orders to HOPE VI. The proper forum for the resolution of this fundamental issue is the court.
3. Should Gautreaux money held by Habitat be used for long-term leases in the Cabrini-Green area? We agree this issue must be resolved quickly and the CHA will continue to negotiate with the Receiver. Given the time constraints, the issue requires a separate resolution by the appropriate parties. I believe that work is in progress.
4. **What are the purposes for which Program 117 funds may be used?** The proper use of Program 117 funds goes beyond the \$450,000 item mentioned in your letter. It is a broad issue of significant consequence on which the Receiver and the CHA have a fundamental disagreement.

5. Does my letter to the Scattered Site Managers violate paragraph 7 of the 1987 order? My letter requires that all contacts between the Managers and Habitat come through the office of the CHA's General Counsel. I do not view that as unreasonable or uncooperative conduct given the adversarial posture that the Receiver's motion has placed us in. The letter will not be rescinded.

6. 7. 8. You have properly identified these issues as having been discussed at the prior meeting. Accordingly, they are on the agenda at Thursday's meeting with one caveat:

Horner issues must be resolved between the Horner plaintiffs and the CHA - not between the CHA and Habitat. That was Judge Zagel's instruction to the Horner parties, and he explicitly excluded Habitat from the process. The CHA was willing to meet with Habitat on the Horner issues raised in its motion for instructions to provide correct information to Habitat so that it realizes that its allegation were false. In any event, we are not persuaded that a paucity of information about transitional assistance, screening, and the like impact the Receiver's ability to carry out its duties in any negative way. The CHA has no obligation in the Horner case to satisfy Habitat on Horner issues. I believe that once Judge Aspen realizes that they are Horner issues, he will not appoint a special master in the event Habitat is unsatisfied after Thursday's meeting.

9. What is CHA's policy on acceptance of Horner units from Habitat and what is the role of HRC in the process? This was not discussed at the prior meeting. It is exclusively a Horner issue, and not on the agenda for this meeting.

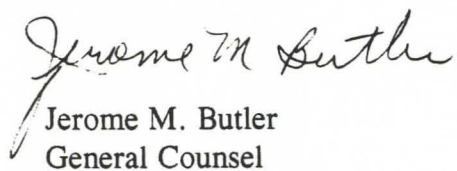
10. What is the proper interpretation of the 1995 Horner consent Decree concerning financing? This also is a new issue that relates exclusively to Horner. It will not be discussed at Thursday's meeting.

The CHA would be pleased to discuss items 9 and 10 with Habitat, but only in the context of the Horner litigation when Bill Wilen is present. The Horner issues that the CHA would include in such a discussion are directly related to Habitat's performance of its obligations at Horner, CHA has several other issues which it would be interested in discussing with Habitat at a future meeting. Those include per unit cost (which appears excessive in light of the absence of land acquisition costs) accounting for funds expended (particularly with regard to the 18 Lawndale units), and problems CHA is experiencing in marketing units due to design and construction which potential residents find unsatisfactory. Finally we would like to discuss Habitat's plans regarding its obligations west of Western, and its consistent failure to respond to the concerns of the Horner residents, the neighbors west of Western, and the CHA.

Page 4

If you want to schedule such a meeting the CHA would of course attend.

Very truly yours,


Jerome M. Butler
General Counsel

/vog

cc: Joseph Shuldiner
Tom Johnson

Miller, Shakman, Hamilton, Kurtzon & Schlifke
attorneys and counselors

208 South LaSalle Street
Chicago, Illinois 60604
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TELECOPY COVER SHEET

TO: Jerome Butler

FAX: 726-6418

FROM: Barry A. Miller

DATE: July 10, 1997

Number of pages being sent (including this cover page): 4

If there is a problem with transmission of this fax, please contact (312) 759-7231.

Please see attached.

cc: Habitat
Thomas E. Johnson
Alexander Polikoff
Michael Shakman

527-7440
422-0708
641-5454

MILLER, SHAKMAN, HAMILTON, KURTZON & SCHLIFKE

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WRITER'S DIRECT LINE

July 10, 1997

759-7231

BY FAX AND MAIL

Jerome M. Butler
General Counsel
Chicago Housing Authority
Suite 2100
200 West Adams
Chicago, IL 60606

Re: *Gautreaux v. CHA*, No. 66 C 1459, 66 C 1460
Henry Horner Mothers Guild v. CHA, No. 91 C 3316

Dear Mr. Butler:

I have read your letter of July 9 and am troubled both by inaccuracies in it and the attitude it reflects that seems to discourage a prompt meeting between Habitat and CHA to attempt to resolve all areas of disagreements. Instead you suggest a highly compartmentalized approach that seems calculated to defer discussion and resolution of issues at a time when there is a significant interest for all parties, including the public, in prompt problem solving.

Your statement that the purpose of the meeting we set for this afternoon was intended to be limited to Horner issues is contrary to the history of my communications with you and Tom Johnson.

At our June 17th meeting with Tom, Dan, Valerie, and others, I told you that Habitat wanted to schedule a second meeting to discuss non-Horner issues. I confirmed this in my letter to Tom of June 19th, in which I wrote:

In addition, Habitat advised the CHA that it would like to hold a separate meeting to discuss other matters, including HOPE VI funding, issues with respect to other developments, and the provision of information to Habitat under the Gautreaux Court's Order. We would appreciate it if such a meeting would be scheduled next week. Please call me with available dates and times for you, Jerome, and whoever else the CHA chooses to bring.

I also spoke with Tom on June 19th, and he asked me to specify issues Habitat was interested in discussing at the next meeting. My notes reflect that I told him "HOPE VI and other non-Habitat relationship issues," and that I specifically mentioned the following:

- HOPE VI 7/97 grant.
- Cabrini funding
- Handling of surplus funds.
- Site selection activities.
- Providing information to the receiver.
- Leasing units from McLean.
- The rest of the Horner money (the disputed \$5 million.)

In addition, your description of the conference before Chief Judge Aspen last Wednesday is inaccurate. My notes confirm my recollection that I told Chief Judge Aspen that we wanted to discuss a variety of problems that had been building, and that Dan listed a number of items to discuss, including many items from my letter of July 3.

In summary, your statement that "This Thursday's meeting was never intended to include broad issues such as the relationship between the CHA and the Receiver, the applicability of the Gautreaux decree to HOPE VI, and the proper use of Program 117 funds" is flatly wrong.

Your statement that Judge Zagel explicitly excluded Habitat from resolving Horner issues, and so instructed the parties, is also incorrect. Judge Zagel made no such statement at the status in chambers, but recognized that the Receiver, while not a party, had a role to play. He clearly contemplated ongoing discussions involving the Receiver. At the June 17th meeting, we told you that Habitat did not believe it was required to participate in all discussions (such as the details of planning a transitional assistance program), but we did ask to be included in appropriate discussions, and to be kept informed of others. The CHA did not object to that statement at the June 17th meeting.

As we have repeatedly said, we wish to discuss all issues that Habitat as Receiver has with the CHA. We are coming prepared to discuss those issues.

We do not believe all of the Horner issues and the Gautreaux issues can be neatly separated. (Indeed, Chief Judge Aspen's Order of June 10 recognized the overlap.) For example, your failure freely to provide information to Habitat implicates both cases. We see no reason

MILLER, SHAKMAN, HAMILTON, KURTZON & SCHLIFKE
Jerome M. Butler

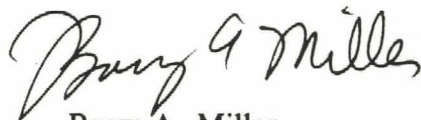
July 10, 1997

Page 3

why all of the issues cannot be discussed now, with the recognition that Mr. Polikoff and/or Mr. Wilen may appropriately be involved in later discussions.^{1/}

We hope we can agree on the manner of resolving many of the issues we (and you) have identified. If you are not willing to discuss any particular issue, we cannot make you do so. We will, of course, note your position in our report to the Courts.

Sincerely,



Barry A. Miller

cc: Philip Hickman
Valerie Jarrett
Thomas Johnson
Daniel Levin
Alexander Polikoff
Michael Shakman
Douglas R. Woodworth

^{1/} Indeed, Tom Johnson made a similar point at the June 17th meeting, when he noted that the CHA was involved in overlapping circles of discussions, and that not all parties needed to be included at each discussion.

Miller, Shakman, Hamilton, Kurtzon & Schlifke
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TELECOPY COVER SHEET

TO: Jerome Butler FAX: 726-6418
TO: Thomas E. Johnson FAX: 422-0708

FROM: Barry A. Miller

DATE: July 11, 1997

Number of pages being sent (including this cover page): 5

If there is a problem with transmission of this fax, please contact (312) 759-7231.

Please see attached.

cc: Daniel Levin 527-7440
Alexander Polikoff 641-5454
Michael Shakman
William P. Wilen 263-3846

MILLER, SHAKMAN, HAMILTON, KURTZON & SCHLIFKE

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STANTON SCHUMAN

WRITER'S DIRECT LINE

July 11, 1997

759-7231

BY FAX AND MAIL

Jerome M. Butler
General Counsel
Chicago Housing Authority
Suite 2100
200 West Adams
Chicago, IL 60606

Thomas E. Johnson
Johnson, Jones, Snelling,
Gilbert & Davis, P.C.
Suite 1310
36 South Wabash Avenue
Chicago, IL 60603

Re: *Gautreaux v. CHA*, No. 66 C 1459, 66 C 1460
Henry Horner Mothers Guild v. CHA, No. 91 C 3316

Gentlemen:

I am writing to confirm certain agreements reached at our meeting yesterday. A number of CHA representatives were present, including each of you and Mr. Shuldiner and Mr. Eisendrath. Habitat representatives present were Mr. Levin, Mr. Hickman, Ms. Jarrett, Mr. Woodworth, and counsel. You also invited Mr. Wilen to attend.

At the beginning of the meeting, Mr. Butler stated that the CHA was not prepared to discuss non-Horner matters. I said that the meeting had been scheduled to discuss both Horner and non-Horner issues, and that Habitat was prepared to discuss both. As a courtesy to Mr. Wilen (whose presence was not appropriate for the non-Horner issues),^{1/} and given the CHA's unwillingness to discuss non-Horner issues, we discussed certain of the Horner issues included in my letters to you of June 19 and July 3.

^{1/} While Habitat has no objection to discussing Horner issues with Mr. Wilen, inviting him without telling us was inappropriate. As Tom Johnson and I had discussed prior to the June 17th meeting, there is value in discussing these issues separately before having a general discussion. (Indeed, we had already called Mr. Wilen to schedule a meeting before his unannounced attendance at the meeting yesterday.) The circumstances suggest that the CHA's invitation to Mr. Wilen was another way to avoid discussing the non-Horner issues yesterday.

MILLER, SHAKMAN, HAMILTON, KURTZON & SCHLIFKE
Jerome M. Butler
Thomas E. Johnson
July 11, 1997
Page 2

We discussed points 5-7 and 9-10 in my letter of July 3. On these points, the following summarizes our discussions:

5. CHA Information Cutoff Memo. The Receiver expressed his view that the CHA has acted improperly, in violation of Chief Judge Aspen's Order, in requiring that all communications be conducted through Mr. Butler's office. The CHA stated that in view of the pendency of the Receiver's Emergency Motion for Instructions, the CHA wanted all communications to go through counsel. While the Receiver disagrees, and without waiving any of his rights, he will communicate his requests through Mr. Butler (except for requests made at the weekly Tuesday meeting).

6. Horner Vacancies/Occupancy. The Receiver explained how information about vacancies and occupancy is necessary for preparing reports to HUD, and for expediting the completion of units that have been rented. In the past, the Receiver obtained this information directly from private managers, but the CHA has now cut off those contacts. On June 17, the CHA had agreed to provide the Receiver with copies of its reports, but had not done so. Mr. Wilen expressed concern about providing certain confidential tenant information to the Receiver. The CHA agreed to provide certain information in writing, updated in writing on a weekly basis at the regular Tuesday meetings with Habitat, the CHA, and Mr. Wilen. The information consists of the date of occupancy of each unit, whether an unoccupied unit has been leased, the move-in date, if available, and the tenant's income category.

7. Horner Screening Overview. My July 3 letter suggested that no overview had been given. We agreed that was inaccurate, and that the general procedures had been described. On June 17, the Receiver had requested more detailed information about how the procedures were being implemented, and by whom. The Receiver also requested data on the process. The Receiver requested the opportunity to discuss certain aspects of the screening with the people conducting it, including the Eastlake management group, and explained why it viewed the information as important to the Receiver's duties. CHA agreed to provide data on a trial basis, and would consider providing additional and/or updated information. The CHA will consider responding to specific questions on an ongoing basis.

9. Horner Tenant Transition Assistance. The CHA provided a general update of the status of discussions on transition assistance. The CHA advised the Receiver that no program has yet been agreed upon, but discussions with Mr. Wilen and Mr. Gates are continuing. The Receiver requested continuing updates.

10. Horner Turnover Issues. We discussed the policies and certain issues involved in the turnover of units at Horner. Various issues were discussed.^{2/} The Receiver requested that the extent of issues about completed units not be exaggerated. Mr. Wilen said he felt certain issues (with some but not all of Habitat's contractors) had not been promptly resolved in the past. Mr. Levin requested that if any of the issues are not promptly resolved, Mr. Wilen or Mr. Shuldiner should feel free to call Mr. Levin, Ms. Jarrett, Mr. Hickman, or Mr. Woodworth.

The CHA also raised several issues with Habitat:

A. The CHA asked the Receiver for documents showing the cost of development and construction at Horner. The Receiver agreed to provide the CHA the information that has been provided to HUD. If the CHA is interested in additional information or explanations, it may request that from the Receiver.

B. The Receiver also agreed to provide information about the "Section 3" "step-up" employment program for Horner residents with Habitat contractors.

C. Mr. Shuldiner said he was told by Tom Finnerty and Mamie Bone that there were better-designed units being built in the neighborhood for less than the Receiver's cost, and that the Receiver had refused to discuss this. The Habitat representatives said they had never heard that claim.^{3/} The CHA and/or Mr. Wilen will provide more information to the Receiver about this matter.

^{2/} Mr. Touhy said at the meeting that Habitat had agreed in writing that the CHA could reject units for excessive punchlist items. I am not aware of such a document. I am aware of a field agreement between CHA staff and Habitat staff concerning the MCL units at Horner, where delays in the completion of the punchlist by the contractor were encountered. In that case, the CHA took the position that it would not accept the transfer of future units if there were any punchlist items. Despite the language of the Court's Order, Habitat agreed with the CHA that for that one contractor, because of the history of delayed completion of the punchlist, both the CHA and Habitat would take a "zero tolerance" approach with MCL, even though a certificate of occupancy had been received from the City and none of the punchlist items were code violations. If Mr. Touhy has information that is different from the above, please let me know.

^{3/} The Receiver recognizes that housing built without union or Davis-Bacon labor, HUD administrative costs, and the Section 3 program, among other factors, will cost less. In addition, other housing may not have comparable design features, space, or amenities.

MILLER, SHAKMAN, HAMILTON, KURTZON & SCHLIFKE
Jerome M. Butler
Thomas E. Johnson
July 11, 1997
Page 4

D. The CHA claimed that the Receiver had not given it sufficient opportunity to comment on design points and that some of the design choices had complicated maintenance issues for the CHA. Mr. Hickman of Habitat responded that the designs had been cleared with CHA, and that certain points raised by the CHA were taken up with the contractors, and subsequent contracts have been changed. The Receiver is willing to have a separate meeting with Andy Rodriguez and other CHA representatives to discuss these issues. Mr. Shuldiner stated that he had never challenged the Receiver's competence to build units.

E. The CHA requested that the Receiver withdraw the pending Emergency Motion. The Receiver joins in the hope expressed by Mr. Shuldiner that all parties want the development to be an outstanding success. Nevertheless, the Receiver believes that the motion should remain pending until the Receiver determines that the issues that led to the motion have been adequately addressed.

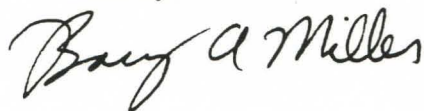
The Receiver is willing to see if the information to be provided by CHA and the other steps described above resolves its concerns, try the above as interim steps, but reserves its rights to seek additional relief, whether by discussions with the CHA or from the Court (including the possibility of appointing a special master for mediation) if the steps described above are not adequate. It remains to be seen whether these steps will resolve the issues between the parties.

Mr. Butler concluded by stating that, in light of pending motions, the CHA was willing to discuss some but not all of the non-Horner issues in a separate meeting. Mr. Butler said that meeting could be scheduled after Mr. Butler wrote a letter to Habitat setting forth the CHA's position. Mr. Butler said he would send the letter by the middle of the week of the 14th. We continue to want such a meeting as soon as possible.

We were pleased that all parties agreed to try to avoid personalizing issues, and to attempt to discuss them with each other where possible.

Please call if you have any questions.

Sincerely,



Barry A. Miller

cc: Daniel Levin/Habitat
Alexander Polikoff
Michael Shakman
William Wilen

Miller, Shakman, Hamilton, Kurtzon & Schlifke
attorneys and counselors

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TELECOPY COVER SHEET

TO: Jerome Butler

FAX: 726-6418

FROM: Barry A. Miller

DATE: July 11, 1997

Number of pages being sent (including this cover page): 3

If there is a problem with transmission of this fax, please contact (312) 759-7212.

Please see attached.

cc: Thomas E. Johnson
Daniel Levin
Alexander Polikoff
Michael Shakman

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WRITER'S DIRECT LINE

July 11, 1997

759-7231

BY FAX AND MAIL

Jerome M. Butler
General Counsel
Chicago Housing Authority
Suite 2100
200 West Adams
Chicago, IL 60606

Re: Gautreaux v. CHA, No. 66 C 1459, 66 C 1460

Dear Mr. Butler:

When we met yesterday, you said that the CHA was not prepared to discuss any of the non-Horner issues raised in my letters of June 19 and July 3. You said that you would write by the middle of next week to state the CHA's views on some of these issues, and indicate when you would be willing to meet to discuss those issues the CHA is willing to discuss.

One of the issues that Habitat wished to discuss yesterday (and about which you were not willing to proceed) was the responsibility for HOPE VI development funds. Chief Judge Aspen's 1987 Order appointing the Receiver gave the Receiver all responsibility of the CHA for development of the "scattered site program." Paragraph (C) of that Order stated:

(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) 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. [Emphasis added.]

As you know, the Receiver believes that to the extent the CHA is using HOPE VI funding to develop family public housing units, it is a "CHA non-elderly public housing development program[]" which has been "authorized by HUD during the pendency of Civil Action No. 66-1459." Since the development of any public non-elderly housing under the

July 11, 1997

Page 2

HOPE VI program is the responsibility of the Receiver, the August 14, 1987 Order provides that Mr. Levin and Habitat, as Receiver, have all powers of the CHA respecting the family housing development component of HOPE VI, including (but not limited to):

- Developing and administering the family housing development component of the HOPE VI program.
- Making all determinations governing the program.
- Making all submissions to HUD of applications for funding and other documents.
- Site selection and acquisition (including policies respecting the location of sites and buildings to be acquired).
- Relocation of occupants, when necessary.
- Construction of dwelling units, and the designs and specifications therefor.
- Negotiating and executing any contracts or other documents.

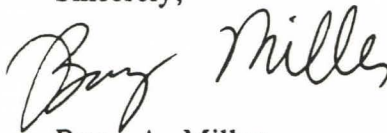
Since HOPE VI funds can also be used for purposes not involving the development of family housing, the Receiver recognizes that in such cases it is necessary that the Receiver be a co-applicant with the CHA for HOPE VI funds, and that both parties must work together to obtain and use such funds.

We understand that the CHA may be planning to make an application for HOPE VI funds next week without including the Receiver as a co-applicant. This letter is written to inform you that the Receiver views that action as inconsistent with Chief Judge Aspen's 1987 Order.

In addition, we have been advised that you are holding a meeting on HOPE VI funding for ABLA development next week. Again, the Receiver continues to believe that any such meeting should be organized with and include the Receiver.

Please advise us immediately of your intention on these points. Naturally, the Receiver reserves all his rights in this matter.

Sincerely,



Barry A. Miller

cc: Thomas Johnson
Daniel Levin/Habitat
Alexander Polikoff
Michael Shakman



The Chicago Housing Authority

Office of the General Counsel

Edwin Eisendrath
Chairman

Joseph Staldiver
Executive Director

Executive Committee
Rosanna Marquez
Artena Randolph
Timothy W. Wright III
Dr. Mildred Harris

Ed Moses
Deputy Executive
Director for Community
Relations & Involvement

Jerome M. Butler
General Counsel

Via U.S. Mail and Facsimile

July 17, 1997

Mr. Barry Miller
Miller, Shakman, Hamilton,
Kurtzon & Schlifke
208 S. LaSalle Street
Chicago, IL 60604

RE: Horner

Dear Mr. Miller:

I am in receipt of your July 11, 1997 letter purporting to summarize what transpired at our July 10, 1997 meeting. Like your earlier letters of July 3, 1997 and June 19, 1997 purporting to summarize our meeting of June 17, 1997, the letter is not an accurate summary of what transpired or what CHA agreed to do. Instead, it appears to be an attempt to create a one-sided written record to be used against CHA in the pending legal proceeding the Receiver has brought, or some future legal proceeding the Receiver intends to bring.

There are many inaccuracies, but let me set out some examples:

1. CHA did not seek "to avoid discussing the non-Horner issues" raised in your July 3, 1997 letter. Our original June 17, 1997 meeting dealt solely with Horner issues. It followed immediately our June 13, 1997 conference with Judge Zagel, at which the same issues were raised and discussed and at which we promised to continue our long-standing dialogue with the Receiver on Horner issues (which has gone on weekly for many months). When you opted for a subsequent meeting, you asked to talk further about Horner issues as well as some non-Horner issues. On the eve of the July 4 holiday, you sent us a letter substantially expanding the list of issues to be discussed. CHA has always been willing to talk about those non-Horner issues that are not the current subject of threatened or actual litigation with other parties, but the various issues you raised on July 3rd involve various groups of people (inside and outside of CHA), so we felt it would be

best to talk Horner issues first and other issues later. We did invite Mr. Wilen to our meeting because his clients are directly impacted by the issues you raised. To be sure, Mr. Wilen was not at our June 17, 1997 Horner meeting, but subsequently we discussed with him the vacancy report you sought at that June 17th meeting. He objected and we thought it would be helpful to have him present his objections directly to you. The other Horner issues you raised were also ones where CHA could not agree with the Receiver without Mr. Wilen's agreement and therefore to expedite the process, we felt his presence would be helpful, as indeed proved to be the case.

2. Your summary of our discussion about my memorandum requesting that you communicate with private managers and CHA staff through my office (other than in the context of the weekly Tuesday meeting) was woefully inadequate. For example, you fail to point out that your objection to this memorandum was that it would make communication cumbersome but since the memorandum was issued, the Receiver has never once asked me for information. So, there is no way for your to conclude that CHA's policy is in any way cumbersome, or violative of the Receivership Order.

3. With respect to the vacancy reports, you suggest that CHA has "cut off" communication with private managers about scattered-site vacancies. That is plainly not true. We only expect that you will go through my office in order to get accurate information. As we discussed and agreed at the June 17, 1997 meeting, the Receiver's past attempts to informally survey all of our private managers have led to inaccurate and incomplete information. Indeed, the scattered-site vacancy data the Receiver had prepared for use in court was not correct or complete.

4. Insofar as vacancy reports at the Horner site are concerned, we have agreed to provide that data in the form you indicate. Your statement that we failed to provide this information earlier is another inaccuracy. Mr. Wilen objected to our provision of the information as described on June 17th. We were, however, able to provide the data in the modified form discussed on July 10th, and obtained Mr. Wilen's agreement on July 10th.

5. The Horner screening process for both low- and very low-income families was described in great detail for you on June 17, 1997. It is inaccurate to say that only general procedures had been discussed. The issue here is whether the Receiver can review the credentials of East Lake Management's housekeeping inspectors and whether Habitat can accompany them as they perform this (and perhaps other) management functions. I would like to make it quite clear that while Habitat sought the management contract for Horner, Pinnacle and East Lake scored better in the competitive bidding. The contract is now with East Lake and neither the CHA nor East Lake find it the Receiver's responsibility to review or second guess the management company's performance. Out of courtesy, we will, however, talk with East Lake about a meeting on housekeeping solely so that the Receiver can answer questions raised by community residents (e.g., those who live west of Wester) about CHA housekeeping inspections — though our representatives at the west of Western meetings have never heard such questions raised to date.

6. CHA agreed to provide summary information about the screening process on a one-time basis to see if the material is helpful. Habitat would not identify the format it wanted for such a report, so CHA will design the format and thereafter we will see if modifications to the format are appropriate and if these reports are really critical to the Receiver's functions.

7. On transitional assistance, CHA fully briefed the Receiver at the June 17th meeting as to where matters stood. We talked further about Mr. Gates' proposals at the July 10th meeting. We are not aware of any information not provided the Receiver at this point, but more importantly, CHA wishes to make clear that the design of the transitional assistance program does not relate in any way to the Receiver's court-ordered functions.

8. As to the unit turnover process, the agreement was that the HRC would continue to inspect all units at the point of turnover. CHA would work with both Habitat and the HRC to ensure that the units are safe and consistent with plans and specifications prior to tenant occupancy. Habitat expressly indicated that the process of unit turnover should remain as it has been. CHA and the HRC were quite specific about the numerous problems thus far encountered with the units, and the difficulties encountered in obtaining additional work from Habitat. CHA and the HRC made it clear that they would continue to raise these issues with Mr. Levin, Ms. Jarrett, Mr. Hickman, and Mr. Woodworth, as they have been doing since the first units were turned over last year at 2208-2210 W. Jackson.

9. Insofar as punch list items are concerned, your letter does indicate that a field agreement was reached with Habitat on the MCL units in which we declined turnover until the punch lists were completed on account of chronic and recurrent punch list issues. In addition, as Mr. Tuhey indicated at the meeting, Habitat has told us that units from its other contractors can be refused for excessive punch list items. I attach a copy of Mr. Woodworth's December 16, 1996 letter to Alex Polikoff with Habitat's Transfer Scheduling and Responsibilities rules which include the provision Mr. Tuhey mentioned.

This letter will confirm our meeting set for 3:30 p.m. on July 17, 1997 in Joe Shuldiner's office, at which time we will be prepared to discuss items 1, 3, 4 and 11 listed in your July 3, 1997 letter. We will not discuss item 2, as that is a matter between CHA and Mr. Polikoff, currently being litigated in Gautreaux. On July 17, 1997, CHA would like to receive the information promised (perhaps with an explanation) on the cost of developing the units to date and the Section 3 employment program.

Very truly yours,


Jerome M. Butler
General Counsel

/vog

cc: Joseph Shuldiner
Edwin Eisendrath
Susan Getzendanner
Tom Johnson

LEGAL ID: 3127266418 PAGE 17

THE HABITAT COMPANY

December 16, 1996

Mr. Alexander Polikoff
Business and Professional People
for the Public Interest
17 East Monroe Street
Suite 212
Chicago, Illinois 60603

Re: **Hornee Replacement Housing / Transfer Scheduling and Responsibilities**

Dear Alex:

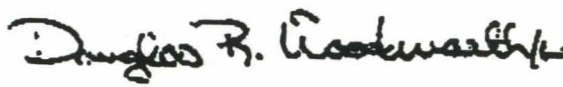
In our recent meeting on the Horner Replacement Housing, one of the items we discussed was the transition procedure for the turnover of units from construction and Habitat to CHA and Pinnacle. Enclosed is a copy of the proposed Transfer Scheduling and Responsibilities. By copy of this letter, I am also sending a copy to Ernest Gates of Near West, Andy Rodriguez at CHA, Pam Gecan of AMS, and Theodore Pendleton at Pinnacle. We hope that we will be kept apprised of any difficulties in the transition process.

The first group of 20 units is scheduled to be available January 6, subject only to permanent power from Commonwealth Edison and occupancy certificates from the City.

We would also appreciate being kept informed on how unit design and construction are working and whether there should be any changes to the balance of the development program as a result of everyone's actual experience.

Sincerely,

THE HABITAT COMPANY



Douglas R. Woodworth
President

DRW:lw
Enclosure

cc: Daniel Levin
Valerie Iarnett
Philip Hiebsman
Matthew Nelson
Bethesda Coleman
Chris Rintz

10-3127288418

PAGE 6/7

THE HABITAT COMPANY

Replacement Housing Program - Horner Superblock Program 188SB.B1

TRANSFER SCHEDULING PROCEDURES

The Developer/Contractor (New England Builders) is bound by the transfer notification requirements of the RFP which states: The Habitat Company ("Habitat") must have written notification 45 days prior to each estimated transfer. It is the responsibility of New England Builders to notify Habitat in writing regarding changes to the transfer schedule.

Habitat prepares a transfer schedule at the commencement of construction for a program and updates said schedule every thirty (30) days subsequent. This schedule is provided to the Manager (Pinnacle) and CHA. The transfer schedule includes site information pertaining to HUD Turnkey Program IL06-P802-188SB.B1, such as: the number of units, handicapped accessible/visually impaired unit locations, and estimated and/or actual punchlist and transfer dates. The coordinators for each of the responsible parties assigned to the project is also indicated.

Upon receipt of written notification of a schedule modification from the contractor, Habitat revises the transfer dates and forwards the updated schedule to Pinnacle and CHA.

Revisions to the estimated transfer shall be handled as follows:

- **Between 45 Days and 14 Days Prior to Transfer**

The schedule may be moved back with no penalty - upon written notification from New England Builders, via facsimile and mail.

- **Between 13 Days to 7 Days Prior to Transfer**

The schedule may be moved back upon written notification from New England Builders, via facsimile and mail. However, the proposed new transfer date must be acceptable to Habitat and Pinnacle. Any costs associated with the tenants' need for temporary housing and/or storage will be charged to New England Builders.

- **Between 6 Days to 0 Days Prior to Transfer**

If the schedule must be moved back, New England Builders must submit written notification as to when the transfer may occur. Pinnacle, however, will be able to dictate when the transfer actually will occur (within seven (7) days after the previous transfer date). Any costs associated with the tenants' need for temporary housing and/or storage will be charged to New England Builders.