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MAY 21 1998

JUDGE MARVIN E. ASPEN
UNITED STATES DISTRICT COURT

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

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

NOTICE OF FILING

To: Attached Service List

PLEASE TAKE NOTICE that on Thursday, May 21, 1998, we filed in the United States District Court for the Northern District of Illinois, Eastern Division, Plaintiffs' Response to CHA Emergency Motion to Stay Order of May 19, 1998 Pending Appeal, a copy of which is attached hereto and served upon you.

One of the Attorneys for Plaintiffs

May 21, 1998

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CERTIFICATE OF SERVICE

Alexander Polikoff, an attorney, hereby certifies that on May 21, 1998, I caused copies of the Plaintiffs' Response to CHA Emergency Motion to Stay Order of May 19, 1998 Pending Appeal to be served on the persons shown on the attached service list in the manner stated on such list.

Alexander Polikoff

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

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

PLAINTIFFS' RESPONSE
TO
CHA EMERGENCY MOTION TO
STAY ORDER OF MAY 19, 1998 PENDING APPEAL

Leave of Court having been granted, plaintiffs respond to the factual misstatements in CHA's motion to stay.

I. THE FABRICATION OF NON-COMPLIANCE WITH GAUTREAUX

CHA's irreparable harm contention (par. 3) -- i.e., it would lose out on HOPE VI if forced to cooperate with the Receiver -- cites the Shuldiner affidavit as its "authority." In fundamental respects the affidavit is a tissue of fabrications.

The underlying fabrication is the deliberately created, false impression that CHA has in its previous HOPE VI applications and planning not complied or intended to comply with Gautreaux, and that the Court's order will work a sea-change in that situation to CHA's irreparable harm. This is the "underlying fabrication" because if in fact CHA's previous HOPE

VI submissions to HUD have proposed compliance with Gautreaux, and HUD nonetheless funded CHA, the speculation that HUD would suddenly no longer do so in 1998 becomes an emperor *sans* clothes.

Thus saith Mr. Shuldiner as to the previous applications:

> "None of the development plans proposed in the [HOPE VI] applications comply with the locational requirements of the Injunction" (par. 10).
>
> "[N]one of the plans proposed by any of the CHA's [HOPE VI] applications . . . comply with the Injunction's locational restrictions" (par. 18).
>
> "Like the CHA's 'independent' applications for Cabrini and Robert Taylor, neither of the two HOPE VI applications in which the receiver was involved (Henry Horner and ABLA), complied with the Injunction's locational restrictions" (par. 19).

These statements are false (and are repeated again and again by CHA's lawyers -- see, e.g., memorandum in support, pp. 3, 10, 26 and others) as we now show.[1]

First, in its HOPE VI application for Cabrini-Green CHA set the stage for compliance with Gautreaux:

> "The replacement units will be provided through a variety of means, including: development of new low-income units in multi-family housing complexes on existing large sites in the surrounding community; development of single family and 2 to 4 unit clusters in the surrounding area, city wide, and the suburbs; rehabilitated apartments in the Cabrini complex; renovated existing housing in the surrounding community; rental or apartments in the Near North and downtown area; and rental or purchase of housing in HUD, Fannie Mae, and Freddie Mac foreclosed or assigned property throughout the Chicago Metropolitan Area" (emphasis added). (Exhibit A, attached.)

[1] Not for the first time, but the persisting assertion of the same falsehood necessitates a more detailed response.

Second, in at least three separate following submissions to HUD on the Cabrini HOPE VI project, CHA told HUD that (selecting the exact language of one of the submissions, but all say substantially the same thing):

> "<u>All sites</u> [for replacement units] will comply with . . . the locational requirements of the Gautreaux v. Chicago Housing Authority litigation, or waivers thereof will be sought." (Exhibit B, attached, emphasis added.)[2]

Third, in the Horner and ABLA application, CHA's second and third HOPE VI awards, CHA said, among other things:

> "The residents already being relocated under the Horner and Gautreaux Court Orders are receiving mixed income units in the area, scattered site units in non-Afro-American census tracts and Section 8 housing."
>
> "These sites [for certain Horner replacement units] were the subject of a court approved waiver under the Gautreaux Desegregation case and have been determined to be 'Revitalizing Areas' under the provisions of that case."
>
> "The units [certain proposed replacement units] will avoid or lessen concentrations of very low-income families by requesting a Gautreaux Revitalizing Waiver . . ." (Exhibit D, attached.)

Fourth, respecting the fourth and final CHA HOPE VI award, for Robert Taylor Homes, Mr. Hickman's filed and uncontradicted affidavit (par. 15) says CHA advised the Receiver that no replacement housing was being proposed. This is confirmed by CHA's own statement in its Robert Taylor demolition application:

---

[2] A different but similar submission to HUD was quoted in the oral argument of February 10, 1998, p. 16. When in the Court of Appeals CHA sought to explain this submission away on the ground of possible "ambiguity" (i.e., a reference to 66C1460, not 66C1459, we attached another such submission to HUD specifically referring to 66C1459 (Exhibit C, attached.) We have not heard the ambiguity argument again.

> "In our comprehensive efforts to begin the revitalization of the Robert Taylor Homes and community it is mandatory that **De-densification** occur. It is for that reason ***No new replacement housing is being proposed in this application.***" (Exhibit E, attached.)[3]

HOPE VI "implementation" grants are frequently preceded by HOPE VI "planning" grants. In 1995 CHA submitted a planning grant application to HUD for ABLA, Horner and Rockwell Gardens. Among other things its application said:

- housing would be developed "in concert with the mandates of the Gautreaux decision"
- to the end of "building and improving upon programs developed in the past five years pursuant to the Gautreaux decision . . . we [CHA] have already begun planning the partnerships with the multiplicity of partners necessary . . ."
- among such partners are "the Gautreaux Receiver and attorneys, as the court mandates still have an impact on all new public housing planning in Chicago."
- "the Development Team . . . is composed of CMHDC and Habitat as the non-profit partnership overseeing all development activity in concert with the . . . present requirements of the Gautreaux decisions . . ." (Exhibit F,, attached.)

Thus, not only is it false, as Mr. Shuldiner has said, that, "None of the development plans proposed in the [HOPE VI] applications comply with the locational requirement of the Injunction" (par. 10), but it is evident that from the very beginning of the HOPE VI process CHA has planned and proposed, and said over and over again, that HOPE VI replacement housing

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[3] We learned yesterday, while examining CHA's HOPE VI applications, pursuant to this Court's order of May 20, 1998, that, contrary to CHA's earlier statements to both plaintiffs' counsel and the Receiver, CHA had submitted a HOPE VI application

would "comply" with Gautreaux, "will be built on sites . . . in accordance with" Gautreaux, would be developed "in concert with the mandates" of Gautreaux, etc., that these statements have been made respecting three of the four HOPE VI awards CHA has received, and that they do not apply to the fourth (Taylor Homes) only because there, as the Receiver was told by CHA, "No new replacement housing is being proposed. . ."

The capstone to this particular edifice of falsehood is Mr. Shuldiner's own letter to the Secretary of HUD, telling the Secretary that The Habitat Company (whose primary, Court-imposed responsibility is to develop all new CHA non-elderly public housing in compliance with Gautreaux orders) is the administrator of "our [CHA] new construction efforts," specifically mentioning two HOPE VI developments:

> "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." (Exhibit G, attached.)

When it is recognized that HUD has approved HOPE VI grants (three of them) knowing that the new housing portion of the HOPE VI activities would be carried out by the Gautreaux Receiver in compliance with Gautreaux, there is nothing left to CHA's irreparable harm argument, and thus no basis for granting it a stay.

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for a portion of Robert Taylor that does include both on-site and off-site replacement housing.

II THE FABRICATION OF NO "INTERFERENCE" FROM HABITAT

Falsehoods apparently beget falsehoods. From the multiple false assertions that CHA's HOPE VI development plans did not propose compliance with Gautreaux the Shuldiner affidavit slips effortlessly into the equally false multiple assertions that the HOPE VI applications were prepared "without interference" from the Receiver, a state of freedom from the Receiver and Gautreaux which is represented to be the "status quo" as it existed before the Court's February Order (Shuldiner affidavit, par. 24; CHA memo, p. 12).

The following are the "interference" facts respecting the four CHA HOPE VI awards:

Number One: Cabrini Green, 1993. The Receiver was unaware of the application, promptly upon learning of it asserted to CHA that the new housing part of the work was the Receiver's responsibility, and thereafter has performed the new housing development work at Cabrini.[4]

Numbers Two and Three. Henry Horner and ABLA, 1996. CHA concedes that the parties "collaborated" on these two applications. (Shuldiner Affidavit, p. 10.)

Number Four. Robert Taylor, 1996. The Receiver did not participate in this application because it was told by CHA that

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[4] See Exhibit A to the Receiver's Statement regarding CHA's emergency motion to clarify for CHA's agreement that the Receiver would be development manager at Cabrini, a status compatible in the Receiver's opinion with his Gautreaux obligations (Levin affidavit, par. 18), and the substantial work performed by the Receiver at Cabrini (id., par. 20), including preparation and

no new housing development was proposed. (Hickman Affidavit, par. 59.)

It is obvious, of course, that these facts are utterly incompatible with Mr. Shuldiner's sworn "without interference" statement. More importantly, the affiant himself characterized Habitat as the entity that "administers our new construction efforts," mentioning specifically two HOPE VI sites. (Perhaps what Mr. Shuldiner means is that there was no "interference" because there was "cooperation.")

III. THE FABRICATION OF A JUDGMENT ORDER THAT DOES NOT EXIST

The basis for much of CHA's argument about harm is CHA's repeated assertion that:

> "[T]he Order obliges the CHA to build one-half of newly constructed replacement units in General Areas." (Motion for Stay, par. 18.)

(Pars. 30, 33, 39 and 44 are some of the repetitions of this misstatement.)

We have previously pointed out that the February Order, and the judgment order which it clarifies, do no such thing. CHA has consistently ignored the judgment order's alternative means of providing replacement housing in Limited Areas designated "revitalizing." To illustrate the "alternative means" referred to, we refer the Court to two of its orders, dated August 14, 1995 and June 3, 1996, authorizing:

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submission of the development plan for the first (and so far only) Cabrini replacement units.

- 466 public housing units, Horner Revitalizing Area
- 241 public housing units, North Kenwood-Oakland Revitalizing Area

None of these 807 units are in the General Area.

CHA prefers not to recognize that the "alternative means" exists. But these orders cannot be wished away; the judgment order, as interpreted not only by the Court but by the parties, including CHA, has demonstrably authorized these 807 units. It does not conduce to accuracy of presentation to assert again and again that the judgment order "obliges" half of all replacement units to be located in General Areas when that is so obviously not the case.

CHA's misstatement does double duty. It is the predicate for its contention that the judgment order and HOPE VI are incompatible, and also for its multiple false assertions that the judgment order requires the forced movement of tenants and denies tenant choice. When it is acknowledged that the "alternative means" does indeed exist, the foundation beneath these two further misstatements is swept away.[5]

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[5] As we have previously noted, nothing in any Gautreaux order requires the "forced movement of tenants." Gautreaux is about choice, choice denied CHA's residents when housing is built, or replaced, exclusively in segregated, non-revitalizing areas. Nor, of course, does the participation of the Receiver in a HOPE VI process imply any exclusion of tenant participation, as demonstrated by the significant tenant participation in the Horner revitalization program.

the judgment order. If CHA believes the Receiver's role should be changed, it can file its oft-threatened motion. Thus far it has declined to do so. Nothing in the May 19 order precludes CHA from filing such a motion and having in that context the hearing it desires.

* * *

The point of all these fabrications is the assertion - couched as fact but plainly not "fact" but opinion -- that a competitive 1998 HOPE VI application simply cannot be produced, at least not in the available time, if the CHA must cooperate with the Receiver and comply with Gautreaux.

What this amounts to, of course, is opinion contradicted by the historical record. For contrary to CHA's <u>in terrorem</u> protestations, HUD <u>has</u> approved HOPE VI grants to CHA, (a) following CHA's representations that replacement housing would be sited in accordance with Gautreaux orders, and (b) with the Receiver as a participant, responsible for the new housing portion of the project (as at Cabrini, Horner and ABLA).

If in 1993 and 1996 (twice) HUD was willing to make HOPE VI awards to CHA knowing that CHA intended that replacement housing would be sited in compliance with Gautreaux and knowing that Habitat "administers our new construction efforts," what has changed to make another such HUD award in 1998 an impossibility? The answer is nothing, except that Mr. Shuldiner has decided he no longer wishes to work with the Court-appointed Receiver, and is willing to say whatever appears convenient to achieve that end, regardless of its truth or falsity.

Nonetheless, we refer the Court to the Receiver's affidavit, attached to the Receiver's separate Statement filed today with the Court. The statement and affidavit make it clear that in the opinion of the Receiver, and in the opinion of the City of Chicago as well, it is perfectly feasible for a competitive 1998 HOPE VI application to be jointly prepared in the remaining time, as indeed the Court has ordered to be done.

We also point out that although CHA purports to know, without qualification ("no possibility"), that HUD will not approve a HOPE VI application which proposes to comply with the judgment order (Shuldiner affidavit, par. 13), HUD itself has told the Court that the Court's decision on the applicability of the judgment order to HOPE VI-funded new public housing is a "non-issue." (Transcript, February 10, 1998 at p. 28.)

We ask that the motion for a stay be denied.

Respectfully submitted,

One of Plaintiffs' Attorneys

May 21, 1998

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

The Chicago Housing Authority

May 4, 1993

Ms. Janice Rattley
Director
Office of Construction, Rehabilitation
and Maintenance
U.S. Department of Housing and Urban Development
451 Seventh St. N.W.
Room 4138
Washington, DC 20410

Dear Ms. Rattley:

I am pleased to forward to you the Chicago Housing Authority's application for funding under the Urban Revitalization Demonstration Program.

We are requesting $50,000,000 to help support a revitalization plan for the Cabrini-Green public housing development and, specifically, the Cabrini Extension community.

In budgeting for this comprehensive program, we have allocated 80 percent of the proposed funding for hard, or construction-related costs, and 20 percent for supportive services and the community service program.

Cabrini-Green is well known both in Chicago and across the country as an example of the devastation created by concentrated and isolated poverty in a distressed public housing community. Through this program, we hope to make it a national model for what public housing can become through the support and cooperation of residents, local government, local businesses and concerned citizens.

Thank you for your consideration. Please feel free to contact me or Kristin Anderson at (312) 791-8513 if you should have any questions or need additional information.

Sincerely,

Robert D Whitfield

Robert D. Whitfield
Chief Operating Officer

EXHIBIT A

CHA proposes to replace <u>every</u> very low income unit that is lost as a result of either clearance or MINCS activity after rehabilitation. <u>Since the buildings proposed for such treatment are either already completely vacant or only partially occupied, more replacement units will be made available prior to relocation than the number of residents affected under the plan.</u> As of February, 1993, the structures in the Funding Area contained 296 occupied units and CHA is proposing to replace 690 units of housing. The <u>actual</u> number of households affected will be dependent upon the number of units occupied at the point that the program is funded and ready to proceed. CHA will offer relocation to <u>all</u> leaseholders affected by this plan in full compliance with applicable laws and regulations.

5.2 Demolition and Replacement Housing

Removal of Structures

CHA proposes to clear three (3) of the four (4) structures in the funding area for a net removal of 660 units. It is noted that 398 units are located in two vacant and closed structures and the third structure is only partially occupied. CHA proposes to provide one for one replacement housing for every housing unit demolished. CHA recognizes that the URD grant is limited to treatment of 500 units and proposes to supplement the demonstration with Comprehensive Grant funding for the demolition of the additional 160 units.

Development of New Housing/MINCS

CHA projects that a total of 690 low income units will be removed by a combination of clearance (660 units) and conversion of some rehabilitated units to mixed income usage (30 units

MINCS). Since the URD regulations limit eligibility to 500 units for funding, CHA proposes to fund the replacement of the additional 190 low income units required with the use of Public Housing Development funds from a set aside under a Federal Court Order in the Gautreaux Case or from Public Housing Development Funding (which CHA will seek under a pending HUD NOFA), or a combination of both, dependent upon funding availability. Exhibit 12 summarizes the replacement needs and source of funding for the replacement housing. The replacement units will be provided through a variety of means, including: development of new low-income units in multi-family housing complexes on existing large sites in the surrounding community; development of single family and 2 to 4 unit clusters in the surrounding area, city wide, and the suburbs; rehabilitated apartments in the Cabrini complex; renovated existing housing in the surrounding community; rental or apartments in the Near North and downtown area; and rental or purchase of housing in HUD, Fannie Mae, and Freddie Mac foreclosed or assigned property throughout the Chicago Metropolitan Area.

Also, Section 8 certificates will be made available to residents to aid in relocation. These certificates will be from the special set aside for this program which will not require persons relocated to wait on any list. The plan for their use is more fully described later in this narrative. If the number of relocated leaseholders who wish to obtain a Section 8 certificate is greater than the number set aside, a lottery will be conducted to determine the recipients.

<u>No demolition of any units will occur until all leaseholders of the targeted buildings have been relocated and are actually living in replacement units.</u>

HOPE VI

REVISED PLAN

TO

REVITALIZE CABRINI-GREEN

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION

MARCH 15, 1995

EXHIBIT B

REPLACEMENT HOUSING BY BEDROOM SIZE

BUILDING ADDRESS	1-BR	2-BR	3-BR	4-BR	TOTAL
1158 N. Cleveland*	4	13	12	1	30
1150-1160 N. Sedgwick	36	110	112	4	262
1157-1159 N. Cleveland	18	56	58	4	136
1117-1119 N. Cleveland**	36	110	112	4	262
TOTAL	**94**	**289**	**294**	**13**	**690**

* These units are replaced due to leasing to families at 50-80% of median income, not demolition. Total building count is 65 units of which 5 units will become non-residential common area, 30 units will be leased to existing public housing residents and 30 units will be leased to public housing eligible tenants with incomes at 50% to 80% of median.

** Of the 262 replacement units for 1117-1119 North Cleveland, 72 will be replaced with Bond proceeds and 190 will be replaced with Public Housing Development Program funds.

E. DEVELOPMENT METHOD

The units will be developed under the modified "Turnkey Method", pursuant to contracts between CMHDC and qualified developers. Properties will be acquired by CMHDC before completion of the necessary construction or rehabilitation and, subject to appropriate assurances of completion by the developer, CMHDC would draw on the Bond proceeds to pay the costs of completing the project. Each project will be undertaken pursuant to a proposal from a qualified developer, such proposal to be approved by CMHDC and by the Program Manager. It is assumed that the Program Manager will be acceptable to HUD as such fiduciary for CMHDC. It is contemplated that to qualify for the Program, a developer would have to be a joint venture between a non-profit sponsor and an experienced financially sound for-profit entity.

F. LOCATION OF REPLACEMENT UNITS

The replacement units will be developed in five separate mixed income Developments, as preliminarily depicted on the Preliminary Phase I Site Plans and filed under separate cover as part of this presentation. All sites will comply with applicable HUD requirements, the City of Chicago Comprehensive Housing Affordability Strategy (CHAS), and the locational requirements of the *Gautreaux v. Chicago Housing Authority* litigation, or waivers thereof will be sought.

G. DEVELOPMENT SCHEDULE

The units will be developed in accordance with the Plan for Implementation timeframes and schedule incorporated in the Revised Plan. The preliminary schedule, which is subject to change and will be refined in connection with the finalization of the Supplemental Replacement Housing Plan by May 15, 1995, is as follows:

HUD approves Revised Plan and Program	April 1995
Bonds are issued	July 1995
RFPs for housing developers are advertised	July 1995
Developers are selected	August 1995
Construction/rehabilitation begins	September 1995
Occupancy	December 1996 through December 1998

H. RELOCATION PLAN

The Revised Plan will comply with the provision of Article IV, paragraph 3, and Article XVI, paragraph 11 of the Implementation Grant Agreement. Two HOPE VI Buildings, 1150-1160 North Sedgwick and 1158 North Cleveland are currently 75% to 80% occupied.

The occupied buildings will require relocation of all residents. CHA management and CMHDC will work jointly to relocate or transfer residents in accordance with the relocation outline and in compliance with all outstanding laws and regulations including the Uniform Relocation Act.

The relocation process will occur in two phases. 1158 North Cleveland will be the first relocation site, followed by the relocation of the residents of 1150-1160 North Sedgwick. Three primary relocation options will be offered to residents. They include: Section 8 (permanent option), transfer to CHA Scattered Sites (permanent option) and transfer to other suitable CHA units, either in Cabrini-Green or other CHA developments (temporary option).

The relocation process began with a general relocation meeting held on March 8, 1995. During the meeting, residents were presented information concerning the various

The Chicago Housing Authority

May 18, 1995

VIA MESSENGER

Mr. Edwin Eisendrath
Secretary's Representative
United States Department of
Housing and Urban Development
77 West Jackson Boulevard
Room 2608
Chicago, Illinois 60604-3507

Re: Application for Partial Demolition of Low Income Public Housing (IL2-20)

Dear Mr. Eisendrath:

This correspondence is written to transmit to your office for approval the Chicago Housing Authority's ("Authority") formal "Application for Partial Demolition of Low Income Public Housing - IL2-20".

The Application requests HUD's approval for demolition of 398 units at the Cabrini Green Extension (IL2-20) for the following buildings:

1150-60 N. Sedgwick	262 units
1157-59 N. Cleveland	136 units

The 1157-59 N. Cleveland building is currently vacant and boarded-up and will be part of Phase I demolition. The 1150-60 N. Sedgwick structure presently has an occupancy rate of 67.94 percent and will be included in Phase II demolition.

The Application has been prepared in compliance with 24 C.F.R. Part 970, Public Housing Program-Demolition or Disposition of Public Housing Projects; HUD Handbook and Conversion Handbook; HUD Notice PIH 93-17 and 57 FR 46074, Requirements Relating to the Resident Organizations' Opportunity to Purchase Development proposed for Demolition.

EXHIBIT C

626 West Jackson Boulevard • Chicago, Illinois 60661 • Telephone (312) 791-8500

These buildings are being proposed for demolition due to their physical conditions as well as de-densification of the development.

Approval of this demolition request is vital to the Authority's efforts to rebuild and extend the life of this public housing development through the reduction of housing density as expressed in the Authority's May, 1993 Urban Revitalization Demonstration Application.

The Demolition Plan and the actions proposed therein are in compliance with applicable HUD regulations and the Authority's action is in compliance with applicable civil rights laws and compliance agreements.

Should you have any questions concerning the Application, please contact Andrew Rodriguez, Director, Construction Management at (312) 567-7775, extension 1004.

Sincerely,

Marilyn F. Johnson

Marilyn F. Johnson
Acting Executive Director/
General Counsel

MFJ:PNB:mr

a:Boc9.Demolit.let

4. Location of Replacement Units

The proposed new units will be built on sites in community areas around the Cabrini-Green development, and on other sites throughout the Chicago metropolitan area, in accordance with the *Gautreaux v. Chicago Housing Authority* (Nos. 66 C 1459 *et al.*) modified Consent Decree and subsequent orders or waivers thereto. All sites will be selected in accordance with applicable HUD requirements and the City of Chicago's Comprehensive Housing Affordability Strategy (CHAS).

5. Development Schedule

The replacement housing units will be developed in accordance with time frames and requirements of the HOPE VI Grant Agreement between CHA and HUD. The schedule, which is subject to change with HUD approval is:

ACTION	ESTIMATED TIMEFRAME
HUD approval of HOPE VI Revised Plan to Revitalize Cabrini-Green and bond issue	Expected May 1995
Contract of Sale	November 1996
Construction Start	December 1996
Occupancy (Date of Full Availability) for all replacement units	December 1998

6. Resident Relocation

The building at 1157-1159 North Cleveland was vacated in October 1993 due to dangerous and hazardous conditions. Relocation of the 1150-1160 North Sedgwick building will occur as described in Section E and in accordance with the HUD relocation requirements.

The Chicago Housing Authority

September 9, 1996

Mr. Christopher Hornig
Deputy Assistant Secretary
Office of Public Housing Investments
U.S. Department of Housing and
Urban Development
451 Seventh Street, SW., Room 4138
Washington, DC 20410

Dear Mr. Hornig:

It is my pleasure to submit this HOPE VI application to continue the revitalization already underway at the Henry Horner Homes and to begin redevelopment at the 3,500 unit complex known as ABLA.

HOPE VI is critical to the continued recovery and long-term sustainability of the CHA. With the most severely distressed public housing developments in the nation, the CHA is wholly dependent on the HOPE VI program to redevelop these communities. To underscore the overwhelming need, the mandatory conversion language in this year's appropriation bill would require the demolition of nearly 19,000 units of public housing. This funding would enable CHA to demolish some of the most run down, crime infested high rises while upgrading and expanding the affordable housing stock in Chicago.

Three high rises have already been torn down at Henry Horner, and two more will be demolished later in the year. Replacement housing is under construction on the existing site and in the surrounding community. This activity has been the catalyst for the redevelopment of the entire Near West side of Chicago, transforming a desolate, poverty stricken inner city area into a vibrant mixed income community. This HOPE VI funding would add 150 units of new low rise housing to the 466 units already under construction or in the planning stages. All of the units built both on and off site will be divided equally between very low income and working families.

ABLA offers revitalization possibilities on a par with Cabrini-Green--prime real estate with high potential for mixed income development. This funding would enable the demolition of three dilapidated high rises and the construction of 200 replacement units on the existing site and on vacant parcels in the vicinity. ABLA is also included in the Authority's vacancy consolidation plan--relocation has begun in two separate sections of the development.

Thank you for your consideration of this funding request.

Sincerely,

John Nelson

John Nelson
Deputy Executive Director, Operations

EXHIBIT D

Exhibit A: Statement of Objectives and Goals

The primary objectives of the proposal are: 1). to continue to carry out a "Revitalization Program" that is set out in a Federal Court consent decree in Homer Mother's Guild vs. CHA/HUD and 2). to develop and implement a comprehensive self-sufficiency program for residents to permit them to be economically, socially, and culturally independent. The Court Order calls for a "conversion of The Homer Development from a densely populated, dilapidated and exclusively very low income project characterized by high vacancies and dangerous and hazardous conditions to a mixed-income neighborhood consisting of new and renovated mid-rise and low-rise, low-density homes that are fully occupied and maintained in a decent, safe, and sanitary manner." *

1. Changing the physical shape of public housing. The proposal calls for the demolition of four (4) obsolete high rise structures (15 stories) with six (6) building addresses which contain a total of 743 very low income public housing units. Two (2) of the high rises already have HUD approval for demolition. Relocation is about two-thirds complete on these two high-rises, which should facilitate that demolition. Relocation recently began on the two (2) additional building addresses now being proposed for demolition. The proposed replacement housing will be new houses and semi-detached homes similar and complementary to the surrounding community. Badly needed open recreation space is also being provided to assist marketing and quality of life to the new community.

2. Establishing Positive Incentives. The plan intends to develop a home-ownership component to the revitalization as self-sufficiency programs are implemented. All CHA vendors and management vendors are required to hire residents for 10% of all jobs or contribute 10% of contract proceeds for resident training. Through arrangements with the local assistance offices, financial incentives for welfare recipients taking training or employment are being provided, as well as a health service safety net. A "consortium" of over 20 community groups and service providers has been formed to provide a total support network to work with residents in day care, job training, placement, job development, education, security, and health care alternatives. The University of Illinois and the Illinois Medical Center District have offered to identify new and turnover jobs from their 54,000 job employment base.

3. Enforcing tough expectations. Private management took over on July 1, 1996 as part of the court order. The new Management Plan provides for prompt eviction for non-payment and for-cause cases, strict adherence to the "one strike and you're out" initiative. Under the Court Order a new Security Plan was

* Source: Amended Consent Decree, Henry Horner Mothers Guild et al., vs. CHA, et al.; September 1995 (Case No. 91C3316).

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implemented on June 14, 1996 which provides for additional CHA police and CHA security guards to be on-site, execute vertical and perimeter patrols, and adds bicycle patrols to the aggressive enforcement process. A resident ID system and security booth stations are being implemented in existing high-rise and mid-rise buildings. A system of rule violations with warnings, fines, and evictions for non-compliance is being implemented and enforced. The Tenant Selection Committee, required by the Court Order is made up of private management, members of the surrounding private community and Horner residents. Police checks, credit checks, direct interviews, and home inspections are required and considered in selecting new tenants.

4. Lessening Concentrations of Poverty. The proposal calls for demolition of 743 very low-income public housing units and replacing them with 150 single family, duplex, and two-flats. All will be for "mixed" income (50% very low and 50% for 50-80% median income). The residents already being relocated under the Horner and Gatreaux Court Orders are receiving mixed income units in the area, scattered site units in non-Afro-American census tracts and Section 8 housing. The entire plan is geared to ending social and economic isolation, providing numerous alternatives in attaining self-sufficiency and opening up new opportunities by partnering with private businesses, government agencies, institutions and non-profit organizations.

5. Forging Partnerships. Over 20 social service, health, community organizations and government agencies have formed "task forces" to address jobs, education, human resources, planning, security, economic development, and property management for the development and surrounding community (where low density, mixed income housing is being integrated into the exiting neighborhood under the Court Order replacement plan). These groups have forged a comprehensive program to address the overall needs of present public housing residents as they transition into the revitalized overall community being created. The groups meet regularly to carry on their work and are accountable on a monthly basis to a community forum which includes the overall neighborhood and the CHA residents. The University of Illinois is providing technical assistance to the Task Force and is about to undertake an in depth Family Needs Assessment (Required by Court Order). That Assessment will include inventory suppliers of the services needed and assist in accessing these services. The University and the Illinois Medical Center District are identifying entry level, turnover, and future employment opportunities for residents. Together these two institutions employ over 54,000 employees. Residents will be trained or referred based on skills required for specific jobs.

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Exhibit C: Physical Description of Revitalization Plan

The overall revitalization plan for the Horner Development (Projects IL 2-19, IL 2-27B, and IL 2-35) is a multi-year, multi-phase program being carried out by a Federal Court Consent Decree.

Phase I began in April of 1995 and will result in demolition of 466 units (2 high rises and 3 mid rises) in the Horner Extension (IL2-35). Funding has already been provided for 466 replacement units which are under construction. Two hundred of the units are being built back on site of the demolished units (lessening the density by about 60%) and 266 units are being be provided by new construction on scattered vacant, in-fill sites or acquisition and rehabilitation of vacant and existing properties in the surrounding communities. These sites were the subject of a court approved waiver under the Gautreaux Desegregation case and have been determined to be "Revitalizing Areas" under the provisions of that case. As a condition of the waiver, the replacement housing units are to be for "mixed" income occupancy (50% of the residents must earn 50% or less of median income and 50% of the residents must earn 51% to 80% of the median income). Also included in Phase I is the rehabilitation of IL 2-27B (The Annex Homes). This former 109 unit development is being completely renovated into 90 apartments convertible to 98 units with appropriate community space and outdoor recreation. It is in progress and scheduled for completion in about 16 months. The development is to be re-marketed as a "mixed" income community using 50% of median families and 51 to 80% of median families. Phase I is to be completed in April of 1997 under the Court Order.

Phase III is to consist of the complete rehabilitation of the seven (7) mid-rise buildings in the Horner Homes. The rehabilitation is more incremental than the development in Phase I or II. These mid-rises are presently undergoing a $5 million dangerous and hazardous repair program, new elevators are to be put in, and extensive exterior repairs to the brick and concrete is about to begin. Significant other investments in pest control, recreation, landscape, and preventive maintenance are being made. Phase III is to be completed on or before April, 2001.

Targeted Development

This Hope VI application, if funded, would provide funding for the beginning of the next phase of revitalization at Horner and would demolish the four remaining high-rise structures and provide land for additional replacement housing units and badly needed open, recreation space.

1. No changes in the size, shape, or use of interior spaces to existing units is contemplated under this application. Only demolition and provision of replacement housing units is proposed.

2. The provision of open, recreation area is proposed as part of this application. Land would be provided within the site to be demolished to facilitate park, sport facilities, and provision of other social and recreation services to the residents who will reside in the 150 replacement housing units to be provided as replacement housing under this application and the 466 replacement housing units previously funded under the Court settlement.

3. The proposed on-site replacement units for the to be demolished public housing units would be provided as follows:

No.	BR Size	Unit Type
10	2BR	Semi-Detached
55	3BR	Semi-Detached
8	4BR	Semi-Detached
2	5BR	Semi-Detached

The units will avoid or lessen concentrations of very low-income families by requesting a Gautreaux Revitalizing Waiver to permit 50% of the units to be provided to very low income families and 50% to families earning 51 to 80% of area median income. Also, the design of the units will be rowhouses and duplex units that will accommodate only two families per building, one of which will be marketed to a very low income family and the other to a 51-80% median income family.

F. REPLACMENT HOUSING

Robert Taylor Homes is one of the largest distressed public housing development in the country. It houses 4231 dwelling units on 92 acres of land creating an unbalanced proportion of 46 units per acre. It is one of five developments which comprise "the State Street Corridor," the nation's largest and most *densely populated* continuous stretch of public housing.

In our comprehensive efforts to begin the revitalization of the Robert Taylor Homes and community it is mandatory that ***De-densification*** occur. It is for that reason *No **new replacement housing is being proposed in this application.***

Although this demolition application is being submitted independently its intent and direction are consistent and coordinated with the revitalization concepts of our HOPE VI submission.

EXHIBIT E

The Chicago Housing Authority

February 27, 1995

Mr. Kevin Emanuel Marchman
Deputy Assistant Secretary
Office of Distressed and Troubled
Housing Recovery
U.S. Department of Housing and
Urban Development
451 Seventh Street, S.W.
Washington, DC 20410

Dear Mr. Marchman:

The Chicago Housing Authority is pleased to submit its application for a 1995 HOPE VI Planning Grant in the amount $400,000. This application is submitted pursuant to your letter of February 3, 1995.

The Authority has selected three developments for the revitalization planning activities under this grant: ABLA Homes, Henry Horner, and Rockwell Gardens. All three meet the description of severely distressed public housing and are located on the west side of the City of Chicago.

The Authority's application proposes planning activities for achieving the goals of reducing the concentration of poverty and public housing, creating mixed-income housing, developing public/private partnerships, promoting community revitalization, and leveraging of public resources. Such goals are embodied in the HOPE VI Program and the Chicago Housing Authority's vision for the redevelopment of its housing stock.

We look forward to your expedited evaluation of this application and the award of funding for the Chicago Housing Authority's 1995 HOPE VI Planning Grant. If you have any questions, please contact me at (312) 791-8401, or Deborah Moore, Executive Director the Chicago Metropolitan Housing Development Corporation (CMHDC), at (312) 441-4480.

Sincerely,

Vincent Lane, Chairman
Board of Commissioners

EXHIBIT F

626 West Jackson Boulevard • Chicago, Illinois 60606 • Telephone (312) 791-8500

1995
HOPE VI
PLANNING GRANT APPLICATION

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CHICAGO HOUSING AUTHORITY

ABLA
HENRY HORNER
ROCKWELL GARDENS

Chicago Housing Authority

1995 HOPE VI Planning Grant Application

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Section 9. A Plan for Involvement of Local Public and Private Entities During the Planning Period

INTRODUCTION

CHA and its development entity CMHDC have for the past year been working to explore the type of mixed income opportunities for public housing residents that Hope VI puts forth. The concept with which we have been working is that maximum benefit to CHA residents (and to the entire city) could be achieved by using available funds in a manner that allowed CHA residents housing choices throughout the metropolitan area or as equity in the construction or rehabilitation of mixed income housing in the area of existing public housing.

The program as articulated and conceived is that CMHDC* will use CHA/CMHDC federal and tax-exempt financing to acquire an "equity stake" in the mixed-use developments. Non-profit entities, either alone (when the capacity exists) or in partnership with for-profit development managers will be responsible for the development and management of all new or rehabilitated public housing. Depending on the needs and desires of the residents, and in concert with the mandates of the Gautreaux decision, the desires of the City and the community, and an assessment of the viability of the plan, these groups or partnership would develop housing on-site, in the general vicinity of the existing housing, or in neighborhoods throughout the city/metropolitan area that offer substantial mixed income opportunities.

Our vision is an expansive one -- limited only by the tools available to us -- that would allow for the creation of mixed income (PHA, Tax Credit and Market Rate) housing to be built by the partners, the buying/financing of a portion of the units in the contemplated mixed income development already in the planning stages, the buying of units (single family, two-flats condominiums) in existing developments or the rehabilitation of existing CHA buildings into mixed income developments.

PARTNERS FOR CHANGE

To implement this concept, of course, requires the identification or creation of housing opportunities in neighborhoods heretofore unavailable to CHA residents, as well as the identification or creation of entities able to develop mixed income housing in existing CHA dominated neighborhoods, where heretofore few were willing to invest. And to that end, building and improving upon programs developed in the past five years pursuant to the Gautreaux decision and to the rehabilitation of the Lake Front Properties, we have, for the past year, sought to identify and bring together the financial and human resources necessary to provide maximum opportunities for mixed income living. Both contemplated scenarios -- offering "scattered-site" housing opportunities to residents and rehabilitating, creating or buying into mixed-income communities in the vicinity of the present CHA sites -- require complex partnerships for both the planning and implementation of the program.
Thus, we have already begun planning the partnerships with the multiplicity of partners necessary to transform the vision into a reality. These partners include, but are not limited to:

- Public Housing Residents, whose lives will be most affected by the change and whose cooperation is essential in realizing the vision.

- Community Organizations and Community Development Corporations -- both in neighborhoods adjacent to CHA developments and in communities throughout the metropolitan area which present opportunities for mixed income living -- who must be integrally involved not only in neighborhood planning efforts, but also as developer/owners of the mixed income housing in which public housing residents will live.

- For-Profit Developers, whose expertise may be needed to partner with non-profits and community organizations in the development of housing opportunities

- Community Institutions, including hospitals, universities, and other major stakeholders in the area of CHA developments.

- Philanthropies, whose grant and loan funds are vital to a variety of activities.

- Financial Institutions including banks, equity vehicles, financial planners, secondary mortgage market vehicles.

- Social Service Agencies whose assessment and family service programs are essential for ensuring successful transition and understanding of the challenges and constraints of each individual CHA family.

- The Gautreaux Receiver and attorneys, as the court mandates still have an impact on all new public housing planning in Chicago.

- The City of Chicago, including their departments of planning, economic development and housing whose cooperation is essential in realizing the vision, both as an entity that owns much of the land needed for the endeavor and as a partner in planning for economically viable communities that provide both the resources and employment opportunities that every healthy community needs.

- The Board of Education for what if any impact on over-crowding, facility capacity, program support, etc..

- The Chicago Park District for sports and recreational needs.

CREATING THE NECESSARY PARTNERSHIPS:

Given the complexity of the challenge at hand and the varied entities whose involvement is necessary, CHA and its development affiliate, CMHDC for the past 12 months have begun to meet with and assemble the partnerships and planning entities necessary for success.

CHA Residents

At the center are the CHA residents. Residents will be (and have been) involved in a variety of ways in every aspect of planning, as individuals and through their representative group(s). For many years the Local Advisory Councils (LACs) of the various Chicago public housing developments have been leadership and decision-making bodies with which the CHA administration works. They are and will remain the fundamental planning group for the Horner, Rockwell and Abla residents. LACs in each of the developments are responsible for representing the overall needs of their development tenants to CMHDC in the planning efforts: surveying residents on their general concerns about or desires for new living situations; organizing meetings of residents to discuss both broad conceptual plans and actual architectural plans and formats; and representing tenants' concerns at the various meetings with the City, financial institutions, and community planning groups.

At the same time, residents as individuals must be involved in the planning by identifying the housing options they wish to exercise. Thus, each resident in the targeted development will be surveyed to assess whether they prefer a return to their existing neighborhood or a move to another site in the metropolitan area. This assessment is essential for financial planning -- knowing how many new units need to be developed or rehabbed versus how many section 8 certificates will be needed for existing housing or other neighborhood housing opportunities.

Additionally, at Horner and other CHA sites, resident concerns have led to their self-organization outside the structure of the LACs. These groups, as groups or through their attorneys, are party to the planning process, and in the case of Horner have been the cause for the creation of a Consent Decree that mandates numerical goals and strictures as well as processes for the development program.

Both the LACs and residents are involved in community meetings, are met with individually, are given tours of existing scattered-site housing, potential development sites, neighborhoods under consideration for PHA financed housing and are provided continuous opportunities to meet with the architects of and comment on evolving plans. They are also involved in the development of the social service component of the endeavor, both in the surveying and assessment aspects.

While tenants are both the subjects and objects of the process, the partnerships needed to provide maximum opportunity must be built, and we are creating the entities needed both in individual neighborhoods and city wide.

City Wide Development Partnerships -- An Evolving Process

In the spring of 1994, CHA and its development entity CMHDC have held a series of conferences/meetings with those whom we considered essential partners in all aspects of redevelopment, primarily non-profit and for-profit developers, financial leaders, planners, funding intermediaries and government agencies. The purpose of these conferences/meetings was to inform and seek the involvement of those institutions that must play a role in the redevelopment process for it to succeed.

The first meeting, in May of 1994, included the area's leading financial institutions, including all major banks, representatives of the City and State housing finance departments, the Federal Home Loan Bank, Fannie Mae, Freddie Mac, representatives of various special trust funds such as the AFL-CIO Housing Trust Fund, federal Low Income Housing Tax Credit equity providers including the Chicago Equity Fund and the National Equity Fund, and representatives of Local Initiatives Support Corporation (LISC).

As a result of this meeting and subsequent meetings with individual members of the financial community, key members of this group, in particular the Federal Home Loan Bank representatives and the representatives of the National Equity Fund and LISC, have been working with us to identify and create the variety of financial tools and programs necessary both for the on-site redevelopment and scattered-site development of mixed income housing.

The second meeting, in October of 1994, was held for non-profit community development organizations and institutions (such as churches, block clubs, economic development entities) from throughout the city and was co-sponsored by LISC, which has been the main funding and technical assistance provider to Chicago's CDCs and neighborhood groups. Our aim here was to inform them of the financial tools available to them and to encourage their involvement in redevelopment -- to see this as an opportunity to redevelop neighborhoods around the existing CHA sites or to vary the population in their areas and expanding the available housing opportunities.

This meeting was attended by 120 individuals representing CDCs and community groups from throughout the metropolitan areas well as representatives of LISC and the City of Chicago. The meeting disclosed great interest in participating in the process, but some apprehension about working with a task of this size and the institutions involved. In response LISC and CHA created a Task Force to identify the opportunities and constraints of CDC/neighborhood group involvement which has become part of the planning efforts for the entire process.

Recognizing that not every CDC or community group was capable of creating by themselves the housing desired and needed, in November of 1994, CHA/CMHDC, in cooperation with LISC, held a meeting for-profit developers to involve them in the process. At that meeting, which was attended by over 50 of the area's leading developers of single and multi-family housing, it was explained that to participate in the process, for-profit developers would have to partner with non-profits. The group was receptive, eager and excited to be a part of what they consider to be a history-making endeavor.

In December 1994, LISC and CHA held a joint meeting of all three entities to allow them to network to reenforce the shared vision, and further understanding. Pursuant to this meeting, a resource directory is being prepared that will, for now, act as a catalogue of those involved in the process and which will evolve into a manual for broader community involvement.

While this outreach process is occurring, CHA is also developing the city-wide framework for the planning process.

Development Team

An essential component is the Development Team, which is composed of CMHDC and Habitat as the non-profit partnership overseeing all development activity in concert with the mandates of the CHA and the present requirements of the Gautreaux decisions and with LISC as an agreed upon adviser on technical needs, financial planning, and community outreach. This group is responsible for the management of the process, including the quantifying of needs, identification of first-take overall distribution of development (how many units on-site; how many units in the vicinity; how many units to be built in other neighborhoods; how many section 8 certificates, etc.), identification of available land, and oversight of the RFP and land acquisition process, the financing process, and the development process. It is also likely that ultimately this group will be integrally involved in CHA tenant outreach, outreach to the community(ies), interaction with the City, community planning and the issuance and preliminary evaluation of RFPs.

Development Task Force

In addition to the Development Team, and working in conjunction with them, there is a Development Task Force, emanating from the series of meetings held with financiers, non-profits and for-profit entities. This group, convened by CMHDC and LISC, is composed of representatives of CDCs and neighborhood groups, a representative of the Federal Home Loan Bank and technical assistance providers and will be expanded as needed and as it progresses to include government and other enabling representatives.

This group, in touch with the non-profit and for-profit housing and economic development activity throughout the metropolitan area, is charged with crafting creative planning and financing schemes both for the revitalization of existing CHA neighborhoods and for integrating a public housing component into the housing being created (or which we will cause to be created) in existing mixed income neighborhoods throughout the city (and suburbs??)

City/Development Team/HUD/Gautreaux Meetings

No redevelopment plan can work without the full cooperation of the "stakeholders". So we have created and will continue regular meetings with the City and other primary stakeholders. These meetings allow for activity updates and ensure that we are comprehensive in our planning efforts These meetings also allow for CHA development plans to be integrated with the City's plans and plans of existing for- and not-for-profit developers in the targeted areas. This process enhances our ability to ensure the mixed income nature of every development site, by gaining knowledge of planned market rate or tax credit ventures underway, planned or desired, allows for development of coordinated economic development activity which is essential both for the viability of the neighborhoods we are trying to revitalize and to ensure the availability of consumer services (stores, libraries, schools, etc.). In addition these meetings are essential to make sure all parties are satisfied with the plans and will use their individual assets to facilitate the smooth flow of activity.

Community Outreach Efforts

Chicago is a city of neighborhoods and as such is replete with organizations ranging from Chambers of Commerce to block clubs to aggregations of church groups that are fully involved in the life and planning of their neighborhoods. Thus, in every case the community must be an essential component of the planning process. Here, too, we have already begun to create models for this process.

In each community there is a community outreach and planning effort, involving CHA residents, neighborhood residents and businesses, significant institutions, and existing community organizations and CDCs. Typically, as in the area of Horner, there is an involved but essential process. It begins with meetings of CHA residents defining their needs and desires. At the same time we meet with key leaders in the community representing neighborhood groups, CDCs, institutions, businesses or particular buildings. At these meetings the CMHDC/Habitat development team and the City discuss redevelopment concepts and general plans and learn what other plans for housing and economic development exist in the community, as well as listen to concerns about the process.

These meetings are followed by joint planning sessions where CHA plans are overlaid with the plans of other institutions to create a comprehensive planning map for the community. Not only will this process determine where CHA builds its mixed income developments, it will also help to identify sites where stores are needed and other potential commercial or industrial sites and will allow for the community, the City, entities like LISC, the banks, major institutions such as universities and hospitals, private developers, non-profit developers and CHA residents to engage in a level of joint democratic planning that may be unprecedented.

Where we have already begun -- at Horner and Cabrini -- the results are encouraging and exciting We have found an eagerness to create model mixed income communities that are thought of not only in terms of housing, but in terms of economic development and educational, recreational and park resources that can be aggregated to ensure a healthy neighborhood

COMMUNITY PLANNING GROUP(S)

In each community there is (or will be) a designated community planning group, made up of representatives of CHA residents, neighborhood residents, neighborhood institutions and CDCs, with the elected officials of the area serving in an advisory capacity. This group, with attendance from the Development Team, HUD, the City and local elected officials, will serve as an oversight committee throughout the planning and construction process and as a medium to inform and receive feedback from the community.

DEVELOPMENT FINANCE TEAM

This team, composed of CMHDC, Stein and Company, Federal Home Loan Bank, Goldman Sachs, LISC and the National Equity Fund, and likely to be expanded according to need and expertise, is an essential component of the planning process. Composed of some of the City's most sophisticated and experienced financiers of market rate, Tax Credit and subsidized housing -- both ownership and rental -- this team is charged with identifying all types of housing opportunities we would like to offer tenants which are appropriate for Chicago's varied neighborhoods and with identifying a variety of financial models to meet those needs. These will include the financing of CHA-generated housing that is mixed- income; buy-ins to planned or existing mixed income developments; creation of lease-to- purchase home-ownership opportunities; as well as traditional, where appropriate, scattered- site models.

LISC, through its affiliates, is the nation's largest syndicator of Low Income Housing Tax Credits and has developed more than. 50,000 units of affordable housing with its non-profit community-based partners. Habitat is the city's largest developer/manager of rental housing outside of the CHA, with more than 25 years of experience in the development of mixed income housing. Together their knowledge of available public and private financing sources and their experience in finding financing solutions to a variety of housing challenges makes them stellar components of the financing team. In addition, their relationship to all the major players in the financing world -- from banks and S&Ls to government funding, to the secondary mortgage market to the newly-created financing vehicles such as the CMHDC tax-exempt essential purpose bond program detailed later in this application provide us with an unparalleled network for financing tools for a true mixed-income model the first of which providing long-term lasting housing for public housing residents .

This group is also charged with thinking about the important question of financing needed shopping centers and other economic development ventures that are crucial to the overall success of the program. LISC has already committed both staff and financial aid to the program and has indicated a willingness to consider a special NEF allocation to the process.

THE PLANNING PROCESS -- HOW WILL ALL THIS WORK

The development team will be the center of the process, coordinating with each community in which we are working and with the City, the Task Force and the Financial Task Force. At present the Development Team is conducting community meetings, working on financial pro-forma, assessing land needs in both the target neighborhoods as well as assessing how many units need to be developed off-site and cataloguing available land. At the same time. LISC and the Development Team are working on a variety of financing models to address the full spectrum of need. The Development Task Force is working with the Development Team to create RFPs that are intelligible and user friendly, while also preparing the Resource Directory and continuing the organization/education process of for- and non-profit developers to ensure their participation in the effort through planning mixed income ventures or integrating CHA residents and financing into their existing plans

The Development Team is working both on existing CHA sites and in targeted non-CHA neighborhoods with community groups and institutions to gain their cooperation in welcoming CHA residents and to further the process of community planning.

As the process evolves, the Development Team, having assessed the need and the land available, and having met with and understood the needs and plans of the City and the community for the future (both existing CHA or targeted development communities), will create, with the advice and consent of the City and the community, a comprehensive development map that identifies sites for development and the type of development (including buy-ins to planned and existing developments). This "planning map" will also identify sites for parks. schools, stores, commercial areas, and other job sites.

The Development Team will issue RFPs, both to those interested parties listed in the Development Task Force Resource Directory and through public notice. These proposals will be evaluated by the Development Team, assessing the capability of the developer(s), the merits of the proposal (does it meet the mixed income test), and the ability of the entity to leverage additional private/public financing to ensure the soundness of the development. Guidelines for hiring and construction practices will also be issued to ensure that all opportunities are taken to ensure that the construction meets both HUD guidelines (section 3a) and the City's goals for ensuring that public dollars encourage maximum employment.
There will be oversight to the process both from the City/Development Team/Taskforce process and from the community-specific planning group composed of the Development Team, the City, representatives of community groups and institutions, with HUD and elected officials sitting in an advisory capacity.

At the same time the Development Team will be working with the City, the community groups and others on the economic development, recreational, social service and open space needs of the community to ensure the integration of all that is needed.

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

DOROTHY GAUTREAUX, et al.,	)	Docket No. 66 C 1459
	)	No. 66 C 1460
Plaintiffs,	)	
	)	
vs.	)	Chicago, Illinois
	)	May 19, 1998
SAMUEL R. PIERCE, et al.,	)	9:30 o'clock a.m.
	)	
Defendants.	)	

TRANSCRIPT OF PROCEEDINGS - STATUS
BEFORE THE HON. MARVIN E. ASPEN

APPEARANCES:

For the Plaintiffs: MILLER, SHAKMAN, HAMILTON, KURTZON & SCHLIFKE
BY: MR. MICHAEL L. SHAKMAN
MR. EDWARD FELDMAN
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Suite 1100
Chicago, Illinois 60604

and

MR. ALEXANDER POLIKOFF
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(17 East Monroe Street
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BY: MS. NANCY EISENHAUER
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MS. MARY M. GALLAGHER
Official Court Reporter
219 South Dearborn Street
Room No. 2524A
Chicago, Illinois 60604
(312) 663-0049

EXHIBIT H

THE CLERK: 66 C 1459, Gautreaux et al., versus CHA.

MS. EISENHAUER: Good morning, your Honor. Nancy Eisenhauer for CHA and Joseph Shuldiner.

THE COURT: Good morning.

MR. SHAKMAN: Good morning, Judge. Mike Shakman and Eddie Feldman for the Receiver.

THE COURT: Good morning.

MR. POLIKOFF: Good morning, your Honor.

THE COURT: Mr. Polikoff.

MR. SHAKMAN: Judge, this is the motion by the Receiver for emergency relief in connection with the HOPE VI application which we hope to file in cooperation with the CHA, if possible, by June 29, which is the deadline established by HUD for submission of applications.

We view it as an emergency because we have been unable to obtain a response from the CHA to our request for cooperation and information needed to move forward with the application.

The City of Chicago has indicated that it supports the principle of a joint application, will work with us on it. There is up to $35 million in funding for housing and for other services that's potentially available.

Mr. Levin and his colleagues, Valerie Jarrett, who's in court today, and the others of the Receiver's staff are most concerned that the opportunity to obtain this kind of funding for the city not be lost because of lack of cooperation, and for that reason we have filed the motion.

I could go into greater detail but I know you read these things.

THE COURT: Any response?

MS. EISENHAUER: First two factual matters -- or one factual matter.

We're not aware of a response from the City of Chicago to this. I'm not saying it hasn't happened; I just want you to know the CHA has not been informed of that.

More importantly, we filed a motion to stay in the Seventh Circuit this morning. I --

THE COURT: Has it been granted?

MS. EISENHAUER: We filed it this morning. We --

THE COURT: All right. Well, the case is still here, so I'm not really concerned about that.

MS. EISENHAUER: I'm just informing you we did. And in connection with that motion to stay we filed an affidavit of Joe Shuldiner in which he states the CHA will not be able to prepare a timely or competitive application before the June 28th deadline if it is forced to work with the Receiver, and because of that the CHA and the City of Chicago may lose up to $35 million worth of funding.

Second of all, the issues raised by the Receiver here are the same issues raised by the plaintiffs in the motion for further relief, which we believe requires briefing on the scope of the receivership order and also hearing from Mr. Shuldiner to present his views on the topic and his description of his actions.

And third, in the response to the motion to clarify that the plaintiffs filed with this Court, they wrote that the applicability of the judgment order cannot be determined definitely at the HOPE VI application stage; that is at page 8 of their response. Because of that statement and for other reasons, we would argue that this injunction is too vague to be enforced against the CHA in this context.

MR. SHAKMAN: I would like to briefly respond, unless Mr. Polikoff wants to say something?

MR. POLIKOFF: No.

MR. SHAKMAN: First of all, I want to note that we have not received a response to Dan Levin's letter to the Receiver that he wrote on May 5th or to my letter to Mr. Butler, general counsel of the CHA, that I wrote last Friday. The only response is the filing of a motion for a stay, which indicates that the CHA, as counsel has said, has concluded that it can't work with the Receiver. I don't understand why that couldn't have been communicated by a phone call to Mr. Levin or a letter to me or a phone call to me.

So I want to raise a question because it seems to me that the fact that that conclusion had been reached but not communicated to us illustrates in part some of the problems we are having in our relationship with the CHA. We were entitled to be told that and we shouldn't have had to file a motion with this Court to receive that information.

In terms of the connection between the motion for further relief and this motion, all I can say is Mr. Polikoff, representing the plaintiffs, does what he deems appropriate representing his clients.

Mr. Levin operates as the Court's agent. He has duties the Court has entrusted to him and he is attempting to carry those out. Mr. Levin, as I am sure the Court knows, is not by nature a litigious man or a confrontational man. His staff shares his views. We are here only because nothing else seems to hold promise for moving this process forward.

In terms of the application of the judgment order for HOPE VI, we are here seeking to enforce the 1987 order appointing the Receiver and the cooperation requires that that order imposes upon the CHA.

Whether or not the HOPE VI order is stayed, no effort has been made to stay the 1987 order appointing the Receiver, no effort is being made to stay the obligations of the CHA to cooperate with the Receiver as specified in that order.

So for those reasons, I would suggest that Ms. Eisenhauer's comments really aren't addressed in the merits of this motion.

MS. EISENHAUER: May I respond to that?

THE COURT: Sure.

MS. EISENHAUER: First, on the point of has the CHA advised the Receiver that they can't work with them on these applications, the CHA believes it has been advising the Receiver of that for several months now.

Part of the reason the CHA believes that it will not be able to file a timely application, that was not simply because it cannot work with the Receiver but because of the information that would need to be compiled and the fact that it appears that the Receiver and the CHA have different views on what HOPE VI requires and what the Gautreaux injunction requires. And for that reason any negotiation would not come to anything except for the same disputes that have been going on in this Court repeatedly.

Second, I understand it's the Receiver's motion. My only point with regard to the motion for further relief is that it raises the same underlying issues, and one of those issues is whether the 1987 order applies to HOPE VI, whether this Court's February 25th order envisions that the 1987 order necessarily applies.

As you know, the CHA has argued from the beginning that the conclusion that you reached on February 25th does not necessarily lead to the conclusion that the Receiver is drawing today here with regard to the 1987 order. And again, we've raised that issue repeatedly in the past month, at least.

MR. SHAKMAN: One comment, if the Court -- if counsel is done?

MS. EISENHAUER: Yes.

MR. SHAKMAN: If the CHA believes that the August 14, 1987 order appointing the Receiver should be modified, the CHA has been free to make that motion for these many months that this issue has been percolating in this Court and it's elected not to make that motion. Therefore, the Court has not had an opportunity to address such a motion.

So we, as the Receiver, are operating under the duties imposed upon us by the Court and we willingly accept it in trying to carry out those duties.

THE COURT: Okay. Mr. Polikoff, do you have anything you want to say?

MR. POLIKOFF: No, your Honor.

THE COURT: Well, I am concerned that Mr. Shuldiner feels that he can't go along with the Receiver. I find that disturbing and I find that surprising because everyone else involved in this litigation through the years, other than Mr. Shuldiner, has had no problem getting along with the Receiver.

But my focus is not on whether he can get along with the Receiver or not. My focus is whether or not everyone, including the CHA, complies with the orders of this Court, the orders that I have issued thus far and the orders that I will issue in the future. I expect Mr. Shuldiner to comply with those orders, whether or not he feels that it's an impediment to follow my orders because he can't get along -- or feels he can't get along with the Receiver.

I will issue an order, and as long as the Seventh Circuit has not changed my order it's a viable order and I expect Mr. Shuldiner to comply with it. If he does not comply with it, I will do what I have to do to make him comply with it. I hope you will give him that message.

Thank you.

MS. EISENHAUER: Your Honor, could I ask a question?

I just want to clarify that it is not that Mr. Shuldiner has some problem with the Receiver, refuses to work with him on a personal level. It is that he believes and the CHA believes that the 1997 order does not -- and the February 25th order does not necessarily lead to the conclusion that the CHA must turn over authority for this program to the Receiver, and that's the basis for the objection.

THE COURT: Well, if that belief conflicts with the orders of this Court, then Mr. Shuldiner will have to opt to follow the orders of this Court. You know, we're not in a lawless society where somebody has their own views as to the law or the construction of an agreement and can follow those if there is a Court order to the contrary.

Mr. Shuldiner is not reluctant to appeal my orders and I hold no animosity toward anyone who appeals one of my orders. But until and unless an order of the Court has been overturned by a reviewing court, I expect that order to be followed, regardless of Mr. Shuldiner's personal views as to how he thinks the law ought to operate. And please convey that to him.

Thank you.

MR. SHAKMAN: Your Honor, I have one other request, if I may.

It's fairly apparent that the proceedings are under way, that additional appeals may be taken to the Seventh Circuit. There is law in the Seventh Circuit that the Receiver needs the approval of the appointing court to participate in the appellate process. We would, therefore, ask permission to participate in any pending or future appeals from this collection of issues.

THE COURT: All right. I will enter an order to that effect.

MR. SHAKMAN: Thank you, Judge.

MS. EISENHAUER: Your Honor, can I make one more comment?

I would just like to say that Joseph Shuldiner certainly intends to comply with this Court's orders. He does have obligations under state statutes and under -- that he's already made to HUD, and he believes that the orders as interpreted by the Receiver are in conflict with those other obligations that he has.

Second of all, I certainly understand your point, and Joseph Shuldiner does as well, that he must comply with orders of this Court. We do not read any of the orders of this Court to require CHA to turn over responsibility for this program to the Receiver.

THE COURT: If there are any problems with the construction of any of my orders, obviously it will be brought to my attention and I will make it perfectly clear for Mr. Shuldiner.

MS. EISENHAUER: We believe that we brought that issue to your attention in connection with the briefing on the motion for further relief.

MR. POLIKOFF: Your Honor, might I add one word if Ms. Eisenhauer is finished?

THE COURT: Yes.

MR. POLIKOFF: The rhetoric of turning over this program to the Receiver that's been used in the briefs and responded to, is not an accurate characterization of what is involved, and I didn't want my silence to --

THE COURT: I agree with you, Mr. Polikoff, and I should have said something as well. That's Mr. Shuldiner's pique at having to follow the orders of the Court and that's

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, correct and complete transcript of the proceedings had at the hearing of the aforementioned cause on the day and date hereof.

Official Court Reporter
U.S. District Court
Northern District of Illinois
Eastern Division

5/20/98
Date