

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

RECEIVED

AUG 10 1998

DOROTHY GAUTREAUX, et al.,

Plaintiffs,

v.

CHICAGO HOUSING AUTHORITY and
JOSEPH SHULDINER, Executive Director,

Defendants.

Judge Marvin E. Aspen
U.S. District Court

66 C 1459

Hon. Marvin E. Aspen

PLAINTIFFS' REPLY IN SUPPORT OF
RECEIVER'S EMERGENCY MOTION

The Gautreaux plaintiffs support the Receiver's emergency motion. To avoid repetition, the plaintiffs adopt the Receiver's reply memorandum, but wish, however, to emphasize the following few points:

1. CHA claims (pp. 2, 4) that it followed the same course in negotiating the Cabrini settlement as it did in settling the Horner lawsuit, and that this course of conduct was "reasonable". In fact, CHA's conduct in this regard was neither the same as in the Horner suit, nor was it reasonable.

With respect to Horner, the parties to the Horner litigation approached the Gautreaux plaintiffs to discuss the proposed settlement in September, 1994 (Polikoff Aff. ¶3), before presenting the decree to Judge Zagel. The terms of the final decree were then negotiated for nearly 6 months

before being approved by both the Horner and Gautreaux courts (Polikoff Aff. at ¶¶5,6). Negotiations continued for another 5 months before both courts approved the final, "amended consent decree" (Polikoff Aff. at ¶¶8,9).¹

During these negotiations, the plaintiffs made clear their objection to the procedure that CHA and the Horner plaintiffs had followed in negotiating without the participation of the Receiver and the plaintiffs a proposed settlement that involved the development of new non-elderly public housing. (Polikoff Aff. at ¶4).

Thus, what CHA should have gleaned from the Horner experience, and what the plaintiffs were entitled to presume CHA had learned, was that it should have invited the Gautreaux plaintiffs and the Receiver to the table as soon as issues related to the development of replacement housing were placed on the table for negotiation. Unfortunately, the CHA seems to have gone in exactly the opposite direction, for here, were it not for this Court's injunction, the parties to the Cabrini litigation intended to present a settlement to Judge Coar for his approval before even informing the Gautreaux plaintiffs of its

¹ For a variety of reasons, including that the parties have learned much from the Horner experience, the plaintiffs do not suggest that resolution of the Gautreaux aspects of the Cabrini settlement should take anywhere near as long as the Horner settlement. It is likely, however, not to be merely a matter of days or even a few weeks.

contents or involving the Receiver in the discussions relating to replacement housing.

Another significant difference between the Horner situation and Cabrini is that the consent decree entered in the Horner case named as the development manager the Receiver-CMHDC joint venture approved by this Court. The proposed Cabrini settlement names an entity not approved by this Court, without first seeking any modification of existing court orders to do so.

The Gautreaux plaintiffs regret that the CHA failed to learn from the Horner experience, and failed to bring the plaintiffs and the Receiver into the negotiations until even later than was done in the Horner litigation. It is the residents, the plaintiffs in both cases, who will suffer the greatest negative consequences of the delay that must now necessarily ensue while the proposal is responsibly reviewed and any outstanding Gautreaux issues resolved.

2. CHA's memorandum makes numerous claims about what the Receivership Order does or does not authorize the Receiver to do, and what its purpose is. There is little mystery to the Receivership Order: it transfers to the Receiver CHA's obligation to develop housing in order to implement the desegregation remedy contained in the judgment order. Thus, the Receivership Order gives the Receiver broad duties respecting development of dwelling units, including "[m]aking all determinations governing the scattered site program in compliance with prior and future

orders of this Court, including without limitation" submission of applications for funding, development programs, etc.; site selection, including "policies respecting the location of sites and buildings to be acquired"; and the design and specifications for the construction of dwelling units. (Receivership Order, ¶2.) The Receiver also has the right to apply to the Court for waivers or modifications of applicable laws in order to carry out the court's orders. (Receivership Order, ¶3.) These broad duties, including that of determining policies related to site selection and the development of design and specifications for dwelling units, necessarily entail the exercise of judgment, which must be gauged by the overall requirements that the Receiver administer the program "effectively and expeditiously" to the end that the Receivership will assist the court in effectuating its own orders. (Receivership Order, p.1 and ¶1.) In determining whether sites are appropriate for building dwelling units, the Receiver must necessarily determine whether locating dwelling units at those sites meets the desegregation objectives of the judgment order.

3. CHA claims (p. 24) that it is entitled to seek a "waiver" of the requirements of the judgment order and a modification of the Receivership Order. (Of course, it has done neither with respect to Cabrini-Green, although it has, throughout the recent period of litigation, constantly

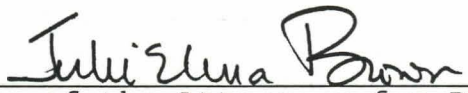
threatened to move to modify the Receivership Order. That CHA could do so is not particularly relevant here since it has not.) Should the CHA seek such orders, the Receiver is clearly entitled, as the Court's agent, to advise the Court of its views concerning whether or not such orders would further the desegregation remedies embodied in the judgment order.²

4. The plaintiffs concur with the request for time to analyze the proposed consent decree, and with the request for a status session with the Court. The plaintiffs also concur with the request that the injunction remain in place in the meantime. It is in the interests of all of the parties (in both cases) that this review be done as expeditiously as possible so that any outstanding Gautreaux related issues may be addressed as quickly as possible and the long-delayed revitalization of the Cabrini-Green neighborhood may get seriously underway. To that end counsel for the Gautreaux plaintiffs have already met with the Cabrini plaintiffs and their counsel, have arranged to review documents related to the Cabrini settlement, and have

² In the past, several orders supplementing the terms of the judgment order and authorizing the Receiver to build units in revitalizing areas have been entered on motion of the plaintiffs or joint motions with CHA. Whether CHA may unilaterally seek to supplement or modify requirements of the judgment order over which the Receiver has authority (such as site selection) has not been addressed.

set an additional meeting date (with an understanding that others will follow) to discuss the details of the agreement.

Respectfully submitted,


One of the Attorneys for Plaintiffs

August 10, 1998

Alexander Polikoff
Julie Elena Brown
BUSINESS AND PROFESSIONAL PEOPLE
FOR THE PUBLIC INTEREST
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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.	)	

AFFIDAVIT OF ALEXANDER POLIKOFF

I, Alexander Polikoff, being duly sworn, say:

1. I am one of the attorneys of record for the plaintiffs in Gautreaux, et al. v. Chicago Housing Authority, et al., Civil Action No. 66 C 1459, in the U. S. District Court for the Northern District of Illinois, Eastern Division. Since the inception of the litigation I have been in responsible charge of the case for the plaintiffs.

Horner Litigation

2. My recorded time records reflect that on September 26, 1994, I attended a meeting at the O'Hare Hilton Hotel at the invitation of Vincent Lane with CHA and "Horner people."

3. Subsequent to September 26, 1994, and through March 9, 1995, my records show considerable time on numerous dates respecting the "Horner consent decree" (entry of 12/12/94), the "Horner draft decree" (entry of 12/16/94), and the like,

reflecting a series of meetings and discussions concerning the provisions of the proposed Horner consent decree at which the Receiver, Julie Brown, another of the Gautreaux plaintiffs' attorneys, and I negotiated such provisions with CHA and the Horner plaintiffs from the "Gautreaux perspective."

4. During the meeting at the O'Hare Hilton Hotel on September 26, 1994, or in meetings with CHA and its attorneys, Tom Johnson and George Galland, shortly thereafter, and on numerous following occasions, I objected to the procedure that CHA and the Horner plaintiffs had followed in negotiating, without the participation of the Receiver and the Gautreaux plaintiffs, a proposed agreement respecting settlement of the Horner litigation that involved the development of new non-elderly public housing.

5. On March 9, 1995, following a hearing held on that date at which the parties to both the Horner and this case presented to this Court a copy of a proposed consent decree in the Horner litigation, this Court entered an order approving specified provisions of the proposed consent decree, designating a "Horner Revitalizing Area" (HRA), and authorizing the joint venture between the Receiver and CHA's not-for-profit development affiliate to develop such number of public housing units within the HRA, subject to such conditions, as would be approved and specified by further order of this Court. A copy of such order of March 9, 1995, is attached hereto as Exhibit A.

6. On March 10, 1995, following this Court's order of the previous day, Judge Zagel conditionally approved the proposed

consent decree and on April 4, 1995, entered an "Order Approving Consent Decree." A copy of such order of April 4, 1995 is attached hereto as Exhibit B.

7. The consent decree approved by Judge Zagel on April 4, 1995 contains numerous references to the Receiver. For example, paragraph 8 (pp. 16-17) thereof provides:

"The CHA defendants themselves shall not construct or manage any of the units called for by Paragraph 2.C. of this decree. Where, pursuant to the August 14, 1987 court order in Gautreaux, et al. v. CHA, et al., 66 C 1459 and 66 C 1461, the Receiver is responsible for the development of this new housing, such development will be undertaken pursuant to an agreement to be executed between the Receiver and CHA's not-for-profit development affiliate, the Chicago Metropolitan Housing Development Corp. ("CMHDC"), where the Receiver shall have a controlling interest. The Receiver-CMHDC joint venture (hereafter "the development manager") shall supervise all development work."

8. The proposed consent decree submitted to this Court on March 9, 1995, and to Judge Zagel on March 10, 1995, did not finally resolve all of the outstanding questions raised by the parties to the negotiations held between September 26, 1994 and March 9, 1995, but constituted an agreed, interim step designed to forestall a feared "recapture," pursuant to federal legislation, of funds earmarked by HUD for the Horner settlement. Negotiations continued thereafter until on or about August 7, 1995, on which date the parties to this case and the Horner case executed a Settlement Agreement, which was approved by Judge Zagel on August 9, 1995. On August 14, 1995, this Court entered an order which constituted both the "further order" referred to in this Court's order of March 9, 1995 and the order referred to in paragraph 9 of the Settlement Agreement. A copy of such order

of August 14, 1995, to which the Settlement Agreement is attached as an exhibit, is attached hereto as Exhibit C.

9. In September 1995, Judge Zagel entered an order approving an amended consent decree in the Horner case which embodied the terms of the Settlement Agreement.

Cabrini Litigation

10. CHA counsel and I met several times to discuss a proposed revitalizing order relating to an area adjacent to CHA's Cabrini-Green development, and such an order was later entered by this Court on November 6, 1997. The discussions and the order did not "cover the near north area in which the Cabrini redevelopment was to take place" as stated in CHA's Memorandum in Opposition to Receiver's Emergency Motion filed on August 6, 1998 (page 3, par. 4). Rather, the order covers an area adjacent to Cabrini-Green but from which all Cabrini-Green buildings are excluded and within which the parties were and are agreed that replacement housing would be desirable. The order was particularly sought at the time in question because of the then pending request by the Receiver to HUD for approval of the acquisition of certain privately developed units in the so-called Mohawk North project. Before submission of the order to this Court, and with the knowledge and consent of CHA counsel, I called Richard Wheelock, attorney for the Cabrini plaintiffs, and ascertained that the Cabrini plaintiffs had no objection to the entry of the proposed order. At CHA's request the fact of entry of this order was not to be used by any party in litigation, and

plaintiffs have until now carefully refrained from mentioning it in litigation in this Court or in the Court of Appeals. At no time in these or any other discussions with CHA or Cabrini counsel was I advised that in any other respect the "efforts to resolve the Cabrini litigation" (id.) had reached the point at which the number, location or conditions applicable to the development of new non-elderly public housing were being discussed.

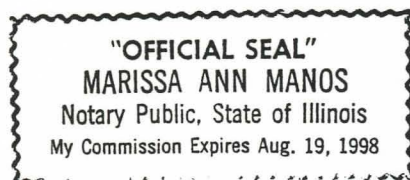


Alexander Polikoff

Subscribed and Sworn to
before me this 7th day
of August, 1998.



Notary Public



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

DOROTHY GAUTREAUX, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	66 C 1459
	)	66 C 1460
CHICAGO HOUSING AUTHORITY and	)	
HENRY CISNEROS, Secretary of	)	(Consolidated)
Department of Housing and Urban	)	
Development,	)	
	)	
Defendants..	)	

O R D E R

This matter coming on to be heard on the presentations of the parties, and the Court having heard the same, it is hereby ordered:

1. The Court hereby designates as the Horner Revitalizing Area ("HRA") that portion of the City of Chicago that lies between Damen Avenue on the East, Western Avenue on the West, Lake Street on the North, and the Eisenhower Expressway on the South.

2. Notwithstanding any other order in this cause, the joint venture between the Receiver, previously appointed by the Court to develop scattered site public housing on behalf of the defendant, Chicago Housing Authority ("CHA"), and Chicago Metropolitan Housing Development Authority, CHA's not-for-profit development affiliate, may arrange for the development of such number of public housing units within the HRA, subject to such conditions, as may be approved and specified by further order of

EXHIBIT A

the Court.

3. The Court has examined and now hereby approves
Paragraphs 2.C, 8, 14 and 15 of the proposed Consent Decree in
Henry Horner Mothers Guild v. CHA, 91 C 3316 (USDC N.D. Ill).

ENTER



March 9, 1995

Alexander Polikoff
Julie Elena Brown
Business and Professional People
For the Public Interest
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Chicago, Illinois 60603
312/641-5570

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

HENRY HORNER MOTHERS GUILD, et al.,

Plaintiffs,

-vs-

CHICAGO HOUSING AUTHORITY, et al.,

Defendants.

No. 91 C 3316

Hon. James B. Zagel

ORDER APPROVING CONSENT DECREE

This cause comes on to be heard on the agreed motion of the parties to finally approve the Consent Decree conditionally approved by this Court on March 10, 1995. The Court, being fully advised in the premises, makes the following findings of fact and conclusions of law:

1. On March 10, 1995, this Court conditionally approved the Consent Decree herein pursuant to Fed.R.Civ.P. 23(e), subject to any showing to this Court why they should not be so approved.

2. On or before March 17, 1995, defendants Chicago Housing Authority ("CHA") and Vincent Lane (the "CHA defendants") served upon each class member the Notice of Proposed Settlement ("Notice") approved by this Court on March 10, 1995, as follows:

(a) One copy of the Notice was mailed via first class mail to each Horner principal leaseholder residing at the Henry Horner development.

(b) One copy of the Notice was hand delivered to each Horner principal leaseholder residing at the Henry Horner development either by personal service or by placing the Notice

under the principal leaseholders' door. The CHA defendants were accompanied by a representative of plaintiffs during distribution.

(c) One copy of the Notice was posted in the lobby of each Horner building, in the social room at 1850 W. Monroe, Chicago, Illinois, in the Horner Local Advisory Council Office at 1936 W. Washington Street, Chicago, Illinois, and in the CHA Management Office at 1834 W. Washington Street, Chicago, Illinois.

(d) One copy of the Notice was mailed via first class mail to each applicant on CHA's active waiting list for public housing and to any applicant who has indicated a preference for residing in the Henry Horner development.

3. Pursuant to the Notice, members of the plaintiff class were given until March 31, 1995 to file with H. Stuart Cunningham, Clerk of Court, United States District Court for the Northern District of Illinois, Eastern Division, any objections to the Consent Decree.

4. The Court, having considered the one written objection filed with the Clerk of Court, is of the opinion that the Consent Decree represents a fair resolution of the competing interests of the plaintiff class and the defendants. The Court concludes that the settlement is fair, reasonable and adequate. The Consent Decree accordingly will be approved.

IT IS THEREFORE ORDERED:

A. The Consent Decree conditionally approved on March 10, 1995 is hereby finally approved pursuant to Fed.R.Civ.P. 23(e) as fair, reasonable and adequate.

B. The Consent Decree, which is attached hereto as Exhibit A, is incorporated herein by reference.

C. The defendants and their successors in office, their agents, employees, and all persons acting in concert with them shall abide by and implement the Consent Decree.

ENTER:

James B. Zagel
United States District Judge
James B. Zagel

DATED: 4 April 1995

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AUG 14 1995

Judge Marvin E. Aspen
U.S. District Court

Plaintiffs,

v.

Defendants.

66 C 1459

66 C 1460

(Consolidated)

This matter came on to be heard on the motion of plaintiffs, pursuant to this Court's order of March 9, 1995, which authorized public housing units to be provided within the Horner Revitalizing Area ("HRA") subject to a further order of Court specifying the number of such units and the conditions relating thereto, and which approved certain paragraphs of a proposed consent decree in Henry Horner Mothers Guild v. CHA and HUD, 91 C. 3316 (USDC N.D. Ill.) ("Horner litigation"); and

The Court having heard the presentation of plaintiffs in support of their proposed further order, including advice of a Settlement Agreement in the Horner litigation, signed August 7, 1995; and

The Receiver, Daniel Levin and The Habitat Company, having represented to the Court that they have examined the HRA respecting the appropriate number of public housing units to be

EXHIBIT C

provided therein and the conditions to be made applicable thereto, and that they join in plaintiffs' motion, believing that the further order proposed by plaintiffs embodies both an appropriate number and appropriate conditions as contemplated by this Court's order of March 9, 1995; and

The Court having heard the presentations of the defendants, U. S. Department of Housing and Urban Development ("HUD") and Chicago Housing Authority ("CHA") with respect to said proposed further order; and

The Court being cognizant that the principle remedial purpose of the orders previously entered in these consolidated cases has been and is to provide plaintiff class families with desegregated housing opportunities; and

The Court also being cognizant that on occasion it has permitted public or assisted housing to be provided in census tracts other than the General Public Housing Area upon a sufficient showing of "revitalizing" circumstances such that a responsible forecast of economic integration, with a longer term possibility of racial desegregation, could be made; and

The Court being of the view that such a forecast can be made with respect to the HRA if the terms and conditions of this order are met;

Now, therefore, IT IS HEREBY ORDERED:

(1) In the event the five buildings owned by CHA at 2111, 2145, 2029 and 2051 West Lake Street, and at 124 North Hoyne Street, containing 466 dwelling units in the aggregate, are

demolished, the Receiver shall be free to provide within the HRA, through new construction and/or acquisition with rehabilitation, 466 replacement dwelling units, provided, however, that one-half of such replacement dwelling units are occupied by families whose incomes are in the range of 50-80% of the median income in the Chicago Metropolitan Area, and that such units are geographically distributed approximately evenly among replacement dwelling units, and provided further that in accordance with paragraphs 2(a) and 2(c) of a Settlement Agreement in the Horner litigation signed August 7, 1995, and subsequently approved by the Court in that litigation, of which this Court has been advised and a copy of which has been attached hereto and is hereby incorporated by reference, the parties shall be free to seek a modification of such number of replacement dwelling units to be provided within the HRA;

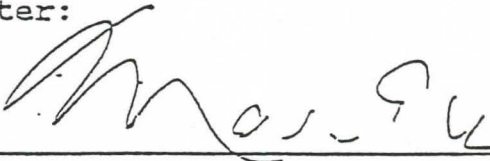
(2) Plaintiffs shall be free to allocate up to \$20 million of the fiscal year 1995 "set-aside" available to them under the Consent Decree approved by this Court in 66 C 1460 to aid in implementing paragraph (1) of this Order, and the Receiver may build and CHA may provide on a priority basis to families who reside in the CHA developments known as Henry Horner Extension, Henry Horner Homes and Henry Horner Annex ("Horner residents"), scattered site units pursuant to paragraph (3)(b) of this Order, provided that scattered site units furnished to residents of the Henry Horner Extension shall be made available without reimbursement therefor from funding supplied under the Consent

Decree in the Horner litigation; and

(3) The CHA Tenant Selection and Assignment Plan previously approved by this Court shall be modified (a) to afford Horner residents a priority to be housed in one-half of the replacement dwelling units in the HRA as to which the income requirement specified in paragraph (1) of this Order does not apply, and to provide for occupancy of the other half of such replacement dwelling units by families whose incomes are in the range of 50-80% of the median income in the Chicago Metropolitan Area, and (b) to afford Horner residents who elect scattered site units in Phase I of the Horner Revitalization Program a priority to be housed in one-half of future scattered site units to be provided by the Receiver elsewhere than in the HRA, all upon presentation of appropriate orders therefor.

Enter:

August 14, 1995



Judge

SETTLEMENT AGREEMENT - August 4, 1995

1. The Horner plaintiffs agree to the demolition of 466 units at the two Horner Extension highrises (2111 W. Lake and 2145 W. Lake) and the three Horner Extension midrises (2029 W. Lake, 2051 W. Lake and 124 N. Hoyne). Demolition of the two Extension highrises shall commence upon approval of this Agreement by Judge Zagel on August 7, 1995, provided however that demolition shall not interfere with the heating plant for 124 N. Hoyne and 2051 W. Lake, and shall not be completed until after the tenants currently residing at 124 N. Hoyne and 2051 W. Lake are relocated pursuant to Paragraph 4 below. Demolition of the 124 N. Hoyne property will occur immediately after the current residents of 124 N. Hoyne have been relocated pursuant to Paragraph 4 below. Demolition of the other two Extension midrises shall occur once CHA has clear title to the land, construction contracts have been let, building permits secured and construction has begun on 203 or more units (see Paragraph 2(c) below) to be occupied by very low income Horner residents on the sites of 2111 W. Lake, 2145 W. Lake and 124 N. Hoyne ("Superblock B") and on sites in other areas of the Horner Revitalization Area.

2. (a) CHA agrees to provide 466 units of replacement housing to be occupied by very low-income Horner residents residing at 2051 W. Lake, 124 N. Hoyne, 2245 W. Lake, 2215 W. Lake, the Annex (if they permanently choose to leave), 1847 W. Lake, 141 W. Wolcott, and as many tenants as are feasible residing at 120 N. Hermitage/111 N. Wood. The location of these units, and the type of units (Section 8, scattered-site or near west side) shall be

determined in accordance with the already completed vote of the Extension residents, and in accordance with a vote by 267 additional residents of the Homes and Annex from the previously mentioned buildings, which vote shall occur within one hundred twenty (120) days of the date this Agreement is incorporated into the Horner Consent Decree and the revised Horner decree is approved by Judge Zagel pursuant to Paragraph 9 below. At least 233 of these very low-income units shall be located in the Horner Revitalization Area. If more than 50% of the Homes/Annex residents elect near west side replacement housing, the parties will negotiate as provided in Paragraph 2 (c) below respecting the accommodation of additional Horner families in the Horner Revitalization Area. The parties understand that 233 or more units for working families (i.e., low income public housing families with incomes between 50% and 80% of area median income) also shall be included in the Horner Revitalization Area, subject to further negotiations by the parties after review of income and other data relating to working families already living in the Horner Revitalization area. The parties further understand that pursuant to an order to be entered in the Gautreaux case on August 14, 1995, 50% of all scattered-site units ready for occupancy will be made available to Horner residents who elect scattered-site units in Phase I of the Horner Revitalization Program.

(b) Funding for the 699 public housing units to be provided, assuming the Homes/Annex residents choose near west side and non-near west side replacement housing choices in the same proportions as the Extension residents, shall be provided as

follows:

- (1) 466 units in the Horner Revitalization Area, consisting of 233 very low income units to be paid for by \$25 million in HUD development funding, and 233 low income units to be paid for by \$20 million in new Gautreaux dollars and \$5 million in CHA Comprehensive Grant funding;
- (2) 233 units of additional very low-income units, to be paid for with \$8.3 million in Gautreaux dollars, \$5 million in HUD development funding, and \$9.4 million in CHA Comprehensive Grant funding, reduced however by any Section 8 units selected by Horner residents.

(c) If more than 50% of the Homes/Annex residents elect near west side replacement housing, CHA and the Gautreaux plaintiffs shall provide sufficient replacement housing for very low income Horner residents, and the parties shall negotiate the manner of providing such housing, either through additional funding for very low income and working family units, revisions to the one-for-one rule as between very low income Horner residents and low-income working families, expansion of the Horner Revitalization Area or other suitable means, all as agreed to by the Horner plaintiffs. Should additional funds be necessary, HUD will consider any application from CHA for any discretionary HUD funding that could be provided.

3. (a) CHA agrees that the Annex residents shall vote on whether they wish to remain at a rehabilitated Annex, or move to replacement housing (either on the near west side or in Section 8 or scattered-site locations). If 50% or more of the current Annex residents vote to remain at the Annex, the Annex will be rehabilitated. If less than 50% of the current Annex residents

vote to remain at the Annex, the Annex will be demolished. The vote will take place by secret ballot ninety (90) days after this Agreement is incorporated into the Horner Consent Decree and the revised Horner decree is approved by Judge Zagel pursuant to Paragraph 9 below. The vote will follow two presentations on the options:

- (1) up to a 45-minute presentation by two persons from Walsh Construction\VOA, using renderings, plans, elevations, a scale model and, a model apartment, pertaining to how a rehabilitated Annex would look. The Horner Residents Committee (HRC) shall be free to work with Walsh/VOA in connection with the development of this presentation and these plans;
- (2) up to a 45-minute presentation by two persons from CHA/HUD/Habitat, using renderings, plans, elevations, and other information, pertaining to scattered sites, near west side replacement options, and Section 8 housing; CHA/HUD/Habitat may also offer Annex residents one bus tour to one existing scattered site building, as agreed to by the HRC. The HRC shall be free to work with CHA/HUD/Habitat in connection with the development of this presentation and these plans.

Effective on the date this Agreement is signed, CHA shall communicate with the Annex residents only as their landlord, and CHA/HUD/Habitat/Walsh/VOA, their agents, employees and all persons acting in concert with them shall not contact any Horner Annex resident regarding any matter related to the vote. However, the CHA and the HRC will distribute the ballots and count the votes. CHA shall allow a representative of the HRC to have access to the model apartment at all times. CHA shall provide all necessary measures to prevent the vandalism of the model apartment, including use of a steel door and steel mesh screen and other materials similar to that which Construction Management is using to secure

other areas of Horner. In the event of vandalism of the model apartment, no vote shall be taken until the model apartment has been restored to its original condition and all tenants wishing to view the model apartment have done so. Additional ground rules for such presentations shall be agreed upon in advance by all parties, just as they were when the Extension residents voted.

(b) Prior to incorporating this Agreement into the Horner Consent Decree and the revised Horner decree is approved by Judge Zagel pursuant to Paragraph 9 below: (1) CHA shall negotiate a pre-vote budget and sign a contract with Walsh/VOA for the presentation described in Paragraph 3(a)(1) above; and (2) CHA shall negotiate with the HRC and Walsh/VOA a budget for the rehabilitation of the Annex. If the Annex is to be rehabilitated, CHA agrees to reserve sufficient Comprehensive Grant monies to complete such rehabilitation, but the per unit costs of such rehabilitation must be within 110% of TDC limits for rehabilitation. Rehabilitation shall occur with the residents in place at the Annex. If the Annex is rehabilitated, every Annex resident who elects to stay at the facility shall be granted the right to do so, provided there are sufficient units. If there are more Annex residents who wish to stay than there are available units, a lottery shall be utilized to determine which residents shall be permitted to stay. The balance of the units, if any, shall be rented to working families. As current Annex residents vacate the building, they shall be replaced first, by Annex residents who elected to stay but were unable to do so due to lack

of available units, and second, by working families until, over time, a 50-50 split is achieved as between very low-income and working families.

(c) If the Annex is to be demolished, its residents will be afforded the right to occupy the replacement housing they elect, as part of the vote set forth under Paragraph 2(a) hereof. No demolition of the Annex shall occur until 109 units of replacement housing, in addition to the replacement housing provided for in Paragraph 2 (a) above, have been provided to Horner residents. However, CHA will not be required to reserve sufficient funds for this replacement housing in excess of the amount provided for in Paragraph 3(b) above.

4. The residents at 124 N. Hoyne and 2051 W. Lake will be relocated prior to November 1, 1995, provided that plaintiffs may seek an extension of this date from Judge Zagel for good cause shown. Those who have elected scattered-site and Section 8 units (and for whom such units are available) will be afforded the right to obtain those units as soon as possible. The remaining families shall be afforded temporary relocation into repaired-vacant units at the Horner Extension or Horner Homes, temporary Section 8 units which may be used in either "general" or "limited" areas, HUD single-family and multifamily homes, hotels/motels leased to the CHA or private apartments leased to the CHA. CHA relocation counsellors, together with HRC representatives, shall meet with each family to discuss and arrange for relocation. The relocation process shall commence after approval of this Agreement by Judge

Zagel on August 7, 1995. All moving expenses, including utility and security deposits, connection fees and reconnection fees, shall be paid by CHA from Comprehensive Grant or other appropriate funds. Additional ground rules for the relocation shall be agreed to by the plaintiffs and CHA prior to the approval of the revised Horner consent decree by Judge Zagel as provided in Paragraph 9.

5. CHA agrees to set aside a minimum of \$5.0 million in Comprehensive Grant funding for interim repairs in the next year to the Homes, Extension and Annex, excluding any repairs necessary to provide temporary relocation housing pursuant to Paragraph 4 above. The use of the \$5.0 million and any amounts in excess thereof shall be negotiated by plaintiffs and CHA pursuant to Paragraphs 6, 9, and 12 of the Horner Consent Decree.

6. CHA agrees to supply the Section 8 certificates utilized in Phase I which may be used in "general" or "limited" areas in the City, subject to agreement by the Horner and Gautreaux plaintiffs, CHA and HUD, provided however that the Horner plaintiffs may petition Judge Aspen if the Horner and Gautreaux plaintiffs are unable to agree.

7. CHA agrees to increase the amount for consultant fees in Paragraph 16 of the Consent Decree to \$150,000 annually, provided reasonable invoices are submitted.

8. Where necessary to accommodate family housing needs, CHA and the Horner plaintiffs may agree to allow household members with children of their own to convert to principal leaseholder status and thereby obtain their own Horner Housing Certificate, provided

that the Horner plaintiffs may petition Judge Zagel to authorize such conversions if CHA and the Horner plaintiffs are unable to agree.

9. The Gautreaux plaintiffs agree to all of the above. The Gautreaux plaintiffs further agree that they shall not raise any Gautreaux issue relating to the Horner Annex, if the Annex residents vote to rehabilitate it, including any issue relating to the resulting tenant income mix. Except where otherwise provided herein this Agreement shall not go into effect until the parties agree on appropriate language incorporating the Agreement into the current Horner Consent Decree, Judge Zagel has approved the revised Horner decree after notice to the class and a fairness hearing in the Horner case, and Judge Aspen has entered an appropriate further order in the Gautreaux case pursuant to his order of March 9, 1995, which order shall make appropriate reference, as agreed to by CHA, HUD, the Horner and Gautreaux plaintiffs, to Paragraphs 2(a) and 2(c) of this Agreement. Notice shall be provided only to current residents of Horner.

10. CHA, HUD and the Horner plaintiffs agree that no further changes to Phase I of the Horner Revitalization Plan or to this Agreement will be made without the consent of the parties.

11. HUD will, subject to acceptable submissions by CHA:

(a) approve allocation of the 1995 HUD development funding and CHA Comprehensive Grant funding as provided in Paragraph 2(b)(1) and (2) above;

(b) approve the allocation of additional HUD development

funding, if any is provided, and any CHA Comprehensive Grant funding, as provided in Paragraph 2(c) above;

(c) approve, if necessary, the Annex pre-vote funding as provided in Paragraph 3(b)(1) above, and approve the Annex rehabilitation funding as provided in Paragraph 3(b)(2) above;

(d) approve all relocation funding as provided in Paragraph 4 above;

(e) approve allocation of CHA Comprehensive Grant funding as provided in Paragraph 5 above;

(f) approve allocation of the Section 8 funding as provided in Paragraph 6 above; and

(g) approve allocation of the consultant fees as provided in Paragraph 7 above.

Dated: August 7, 1995

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Hornez plaintiffs

Alexander Polikoff
ALEXANDER POLIKOFF, for the
Gautreaux plaintiffs

Thomas E. Johnson
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LINDA A. WAWZENSKI, for HUD

Nelson A. Diaz
NELSON A. DIAZ, for HUD

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

RECEIVED

AUG 10 1998

DOROTHY GAUTREAUX, et al.,

Plaintiffs,

v.

CHICAGO HOUSING AUTHORITY and
JOSEPH SHULDINER, Executive Director,

Defendants.

Judge Marvin E. Aspen
U.S. District Court

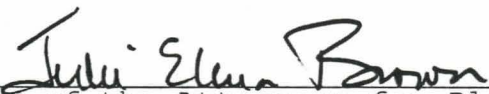
66 C 1459

Hon. Marvin E. Aspen

NOTICE OF FILING

To: Attached Service List

PLEASE TAKE NOTICE that on August 10, 1998, I caused to be filed in the United States District Court for the Northern District of Illinois, Eastern Division, Plaintiffs' Reply in Support of Receiver's Emergency Motion and attached Affidavit, copies of which are attached hereto and served upon you.


One of the Attorneys for Plaintiffs

August 10, 1998

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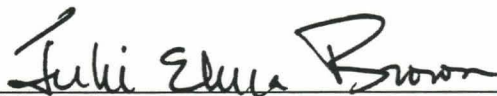
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CERTIFICATE OF SERVICE

I, Julie Elena Brown, an attorney, hereby certify that on August 10, 1998, I caused a copy of the foregoing Plaintiffs' Reply in Support of Receiver's Emergency Motion and attached Affidavit to be served by hand delivery on counsel on the attached service list.


Julie Elena Brown