Bill

THE HABITAT COMPANY

MEMORANDUM

TO: **Chief Judge Marvin E. Aspen**

FROM: **Daniel Levin and The Habitat Company**

Daniel Levin

DATE: **November 9, 1998**

SUBJECT: **CHA SCATTERED SITE HOUSING PROGRAM**
Quarterly Report: Third Quarter 1998

INTRODUCTORY STATEMENT

Since the Receiver submitted the last Quarterly Report, considerable legal activity has occurred that affects the Receiver's responsibilities under the Order of August 14, 1987 appointing the Receiver, and under subsequent Orders. To maintain the reporting format that has been used by the Receiver for previous Quarterly Reports, no effort has been made to describe such matters in detail. The following generally summarizes the most significant developments:

a. On July 29th it was disclosed in an article in the Chicago Tribune that the CHA and the City of Chicago (the City) had agreed with the Cabrini-Green Local Advisory Council (Cabrini LAC) to enter into a Consent Decree to settle a lawsuit pending before Judge Coar. The Receiver, not having been a party to the negotiations that resulted in the proposed Consent Decree, asked for and was granted by you on August 12th a motion enjoining the CHA from presenting the proposed Consent Decree to Judge Coar. The Receiver and its attorneys, and representatives and attorneys for the CHA, the City, the Cabrini LAC, and the Gautreaux plaintiffs have subsequently been meeting to work out an agreement on the Consent Decree. These discussions are ongoing.

The CHA filed an appeal of the August 12th Order, and this appeal has been consolidated with the appeals of February 23rd and May 19th of previous Orders. Oral arguements on these appeals was heard on October 30, 1998.

B. Following the February 23rd and May 19th Orders, and HUD's change of procedures for handling funds under the ACC, the Receiver informally requested HUD in July to conform its handling of HOPE VI funds to be used for the construction of non-elderly replacement housing for the CHA to the recently-revised ACC procedures, and to alter its practices to recognize the Receiver as the party entitled to receive such funds. HUD's General Counsel has indicated that it is reviewing the matter.

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SCATTERED SITE PROGRAM - 1,602 UNITS

Current Status: Effective September 30, 1998, the development pipeline is summarized below for the Scattered Site Program.

UNITS		STATUS
1,561		Completed and Transferred
41		Under Construction*
1,602	**Subtotal**	**Completed/Under Construction**
0		To be Acquired
1,602		**TOTAL**

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

Design and Construction Activity: Construction activity continues on a total of two (2) Turnkey programs. Completion status at the end of the quarter is as follows:

Program #	% Completed	Program #	% Completed
152	**20%**	**161**	**45%**

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

Activity July 1, 1998 through September 30, 1998: Due to the default of the Developer, the Receiver has prepared termination and settlement documents in order to move forward with a conventional program approach with a new contractor selected under the public procurement process.

Construction is currently scheduled to start in the first quarter of 1999 pending final settlement with the original Developer, revised drawings and reinstated building permits.

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

Year	# of Units Completed & Transferred
1998 - 3rd QTR	4
1998 - 2nd QTR	0
1998- 1st QTR.	7
1997	97
1996	308
1995	203
1994	147
1993	340

Year	# of Units Completed & Transferred
1992	214
1991	107
1990	127
1989	7
Total:	1,561

Financial Activity: for each of the funded programs for the period ending September 30, 1998 is below:

PROGRAM	APPROVED BUDGET	COST (INCOME) TO DATE
115	$ 8,885,442	$ 8,885,442
116	7,448,320	7,448,320
117 **(a)**	(28,113)	(28,113)
118	8,978,987	8,978,987
119	2,485,483	2,485,483
120	6,956,047	6,956,047
121	2,265,118	2,265,118
122	4,828,292	4,704,535
123	7,848,051	7,424,292
124	8,286,784	8,135,811
125	2,039,484	2,039,484
126TK	2,062,780	2,062,780
127	2,386,667	2,386,667
128TK	3,004,474	2,983,088
129TK	2,271,403	2,271,403
130TK	2,894,112	2,829,335
131TK	2,556,421	2,556,421
132	2,530,000	2,496,721
133	2,075,167	2,075,167
134	2,055,883	2,055,051
135TK	2,661,670	2,641,713
136	2,336,466	2,336,466
137TK	2,719,177	2,710,167

PROGRAM	APPROVED BUDGET	COST (INCOME) TO DATE
138TK	2,614,379	2,558,527
139TK	2,454,275	2,451,532
140	2,502,820	2,474,619
141TK	2,700,924	2,663,621
142TK	2,411,349	2,370,950
143TK	3,303,012	3,152,742
147TK	2,676,540	2,645,967
149TK	2,709,352	2,641,708
150TK	2,522,813	2,511,200
151TK	2,747,255	2,703,393
152TK	2,883,297	655,293
153	2,549,740	2,479,123
154TK	3,988,830	3,917,394
155TK	2,627,030	2,529,394
156TK	2,679,344	2,613,437
157TK	2,723,598	2,658,537
158TK	3,149,769	3,079,403
159TK	2,634,087	2,625,842
160TK	2,909,461	2,854,182
161TK	4,143,819	2,071,498
175TK	3,369,490	3,192,023
176TK	3,688,870	3,581,717
TOTAL	$153,538,169	$147,132,487

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

Conclusion: Active construction continues on 20 units in program 161. It is anticipated that most of the units will be complete by late 1998. Program 152's remaining 21 units should start construction in early 1999. For the quarter the total funds expended was $6,405,682.00. Since the Program's inception, $147,132,487.00 has been spent.

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

CMHDC/Habitat Joint Venture

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

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

Current Status: Effective September 30, 1998, the development pipeline is summarized below for the Demonstration/Family Self-Sufficiency Program.

NO. of UNITS	STATUS
161	Completed & Transferred to CHA
30	Under Construction
20	Design Phase/Bid Phase
211	**SUBTOTAL** (Closed Properties)
22	Units Deleted in Program 165
233*	TOTAL

* Due to HUD's denial of funding requests over 100% TDC, we are in the process of reformulating the maximum number of units in the Demonstration Program.

Demonstration Program IL06-P002-165

Activity from July 1, 1998 through September 30, 1998:

The Receiver is waiting for formal notification from HUD regarding the 144% of TDC budget rejection.

Demonstration Program IL06-P002-172

Activity from July 1, 1998 through September 30, 1998: Due to community concerns and comments from the Alderman, four (4) sites in this program will be substituted with alternate sites to be acquired. This could possibly delay the completion of the final four (4) units in this program.

Financial Activity: for each of the funded programs for the period ending September 30, 1998, is below:

PROGRAM	APPROVED BUDGET	COST TO DATE
145	3,457,281	3,333,132
146	2,289,199	2,223,567
162	3,521,980	3,499,754

PROGRAM	APPROVED BUDGET	COST TO DATE
164	4,320,000	4,414,070
165	3,012,835	2,057,898
166	3,561,947	3,544,416
167	1,960,003	1,990,204
168	1,680,003	1,508,520
169	1,680,003	857,482
170	1,720,130	1,454,149
171	1,820,003	1,414,065
172	2,612,205	1,288,275
173	4,198,153	4,177,118
177 (Family Self-Suff)	2,223,356	404,761
TOTAL	**$38,057,098**	**$32,167,411**

REPLACEMENT HOUSING PROGRAM CMHDC/Habitat Joint Venture

Current Status: Effective September 30, 1998, the development pipeline is summarized below for the Replacement Housing Programs.

PROGRAM	NAME	# Of Units	STATUS
	Lawndale - 18 units		
IL06-P802-178	18 Units	4	Transferred/Completed
		4	Under Construction
		10	Site Acquisition Pending
	Washington Park - 317 units		
IL06-P002-180	Woodlawn	38	Site Acquisition
IL06-P002-180T		15	Bid Process
IL06-P002-180P		16	Acquisition/Purchase in other developments
IL06-P002-184		24	Transferred/Completed
		9	Under Construction
IL06-P802-193	Drexel	40	Pre-Bid
IL06-P802-193	Lakefront	90	Pre-Bid
IL06-P002-194	34 Units	34	Transferred/Completed
IL06-P802-194F	4 Units	4	Transferred/Completed
IL06-P002-205		7	To be reformulated due to budget rejection by HUD
IL06-P002-206		22	Bid Process
IL06-P002-207		18	Pre-Bid
	TOTAL	**317**	
	Horner I - 466 Units		
IL06P802-188	30 Units	30	Transferred/Completed
IL06-P802-195	45 Units	45	Transferred/Completed
IL06-P802-196	38 Units	38	Under Construction
IL06-P802-197	45Units	45	Under Construction
IL06-P802-198	56 Units	56	Transferred/Completed
IL06-P802-199	39 Units	19 20	Transferred/Completed Under Construction

PROGRAM	NAME	# Of Units	STATUS
IL06-P802-200	30 Units	30	Under Construction
IL06-P802-191	51 Units	49 2	Transferred/Completed Under Construction
IL06-P802-201	52 Units	52	Permit Phase
IL06-P802-202	43 Units	43	Under Construction
IL06-P802-203	32 Units	32	Transferred/Completed
IL06-P802-204	5 Units **TOTAL HORNER UNITS**	5 **466**	Transferred/Completed
	Horner II	**150**	Planning pending demolition by CHA
	ABLA I	**200**	Planning pending relocation and demolition by CHA
	Cabrini - 190 Units		
IL06-P002-182	107 Units	63 28 16	Joint planning w/City & CHA Negotiations underway Transferred/Acquisition Complete
IL06-P002-192	83 Units	83	Joint planning with City/CHA
N/A	Cabrini-HOPE VI-303 Units	303	Joint planning with City/CHA
	TOTAL CABRINI UNITS	**493**	
	GRAND TOTAL REPLACEMENT UNITS	**1644**	

LAWNDALE REPLACEMENT HOUSING PROGRAM - 18 UNITS

Activity from July 1, 1998 through September 30, 1998 The first four (4) units transferred in December 1997 and February 1998. THC expects the next four (4) units to be completed and transferred by December 1998. THC has selected New England Builders (NEB) to complete the remaining ten (10) units on those sites being acquired from the City. We are currently awaiting Final Site Approval from HUD. It is anticipated that these units will be completed in Spring 1999.

PROGRAM	NAME	# Of Units	STATUS
	Lawndale - 18 units		
IL06-P802-178	18 Units	4 4 10	Transferred/Completed Under Construction Site Acquisition Pending

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

STATUS SUMMARY FOR KENWOOD/OAKLAND UNITS	
Transferred and Completed	62 units
Under Construction	9 units
Bid-Process	44 units
Design Phase	0 units
Pre-Bid	148 units
Site Acquisition	54 units
TOTALS	**317 units**

Activity from July 1, 1998 through September 30, 1998 - Areas within Kenwood-Oakland: CHA has informed the leadership of the LCO that the site control requirements have been met and the City of Chicago has agreed to fund the demolition of the four (4) high-rises. The Receiver, together with the leadership of the LCO, CCC, City of Chicago, Alderman Preckwinkle and CHA are participating in the planning process for redevelopment of the Lakefront properties.

Construction continues for Program 184 with 26 units completed and transferred and seven (7) units under construction. Of the seven (7) units currently under construction, 4 are expected to be completed and transferred in October of 1998 and the remaining three (3) units (1 building) will be completed by December 30, 1998.

The design phase is complete in Program 206 with 21 units, but preliminary costing for the negotiated contract is over the allowable HUD TDC. Efforts by Habitat and the contractor are underway to reduce the unit costs to meet published TDC.

Effective September 30, 1998, the development pipeline is summarized below for the Lake Front Properties and Washington Park Replacement Programs:

UNITS WITHIN KENWOOD-OAKLAND REVITALIZING AREA		
PROGRAM	**NUMBER OF UNITS**	**STATUS**
IL06-P002-180T	15	Bid Process
IL06-P002-184	33	24 Transferred/Completed 9 Under Construction
IL06-P002-206	25	Bid Process
IL06-P802-193 Drexel	40	Pre-Bid
IL06-P802-193 Lakefront	88	Pre-Bid
IL06-P002-205	3	Bid Process
IL06-P002-180(P)	16	Pre-Bid
IL06-P002-207	20	Pre-Bid
TOTAL UNITS	**241**	

Activity from July 1, 1998 through September 30, 1998 - General Areas Outside of Kenwood-Oakland: As of March 31, 1998, all 38 units have been transferred.

Activity from July 1, 1998 through September 30, 1998 - Limited Areas Outside of Kenwood-Oakland: The Woodlawn area continues to be reviewed for appropriateness for replacement housing required outside the Kenwood-Oakland area. Habitat and Gautreaux counsel have been analyzing the area for a revitalization waiver. Community leaders and Aldermen have been contacted about replacement units in Woodlawn. Purchase contracts have been prepared for twenty-three (23) parcels of vacant land parcels in Woodlawn at this time. Seventeen (17) parcels have been closed.

UNITS OUTSIDE KENWOOD-OAKLAND REVITALIZING AREA		
PROGRAM	NUMBER OF UNITS	STATUS
IL06-P002-180	38	Site Acquisition
IL06-P002-194	38	Transferred/Completed
	124	Unfunded Units
TOTAL	**200**	

CABRINI: HOPE VI URBAN REVITALIZATION DEMONSTRATION **303 Units**
and CABRINI REPLACEMENT HOUSING PROGRAM: **190 Units**

Current Status:

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

FUNDING SOURCE	AMOUNT	UNITS
HOPE VI Program	$40,000,000*	303 (New Construction)
HOPE VI Program	-----	167 - Section 8 Certificates
Replacement Housing Programs IL06-P002-182 IL06-P802-192	 $ 9,856,000 $ 9,137,750	 63 (New Construction) 28 (Units to be Acquired) 16 (Closing Pending) 83 (New Construction)
TOTALS	$58,993,750	660

*This Program is funded directly to CHA.

Activity from July 1, 1998 through September 30, 1998: The City of Chicago had previously issued Requests for Proposals (RFP's) for two sites in the Near North Redevelopment Area -- Halsted North and 535 W. North Avenue. On September 15, 1998, the City announced that the Holsten/Kenard Group had been selected to be the developer for the Halsted North project, pending final negotiations on cost and design. The proposal calls for a total of 271 mixed income units, both rental and for sale. Eight-two (82), or 30%, of the units would be for public housing families. The City hopes to close on the financing and begin construction in the Spring of 1999, but this is a very complex project and a more realistic time frame would be the Fourth Quarter of 1999. Responses to the RFP for 535 W. North Avenue are not due until October 1998.

We continue to work with HUD, CHA and CMHDC to finalize the purchase of forty-four (44) replacement units at two mixed income development within the Near North Redevelopment Area -- Mohawk North (16 units) and Old Town Square (28 units). Sixteen families from Cabrini have already moved into the Mohawk North development.

HENRY HORNER REVITALIZATION PROGRAM - PHASE I - 466 UNITS

Current Status:

Program#	# Units	Contract Type	Developer/ Contractor	Non-profit Partner	Architect	Construction Start	Status
188	30	Turnkey	MCL	Near West	Smith & Smith	Completed	Complete
195	45	Turnkey	Enterprise	Hull House	Bauhs Dring & Main	Completed	Complete
197	45	Turnkey	Cyrus	Renaissance	Thomas & Thomas	7/30/98**	Under Construction
196	38	Conventional	Horner New Horizons	Near West	Landon Architects	4/1/98	Under Construction
198	56	Turnkey	Horner New Horizons	HAM	SCB	Completed	Complete
200/202	73	Conventional	Enterprise	Hull House	Johnson Lee/HBB	10/27/97	Under Construction
203	32	Conventional	Horner New Horizons	HAM	SCB	Completed	Complete
199	39	Conventional	Horner New Horizons	HAM	SCB	8/1/97	Under Construction
191	51	Conventional	Horner New Horizons	Near West	Bauhs Dring & Main/Landon	6/2/97**	Complete
201	47	Conventional	Horner New Horizons	Near West	Bauhs Dring & Main	9/15/98**	
204	5	Acquired	MCL/Concord	NA	NA	NA	Complete

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

The status of property in the development pipeline effective September 30, 1998, for the 466 units is summarized below:

HORNER REVITALIZING AREA	
NO. of UNITS	STATUS
236	Completed & Transferred to CHA
178	Under Construction
52	Permit Phase
466	TOTAL

Activity from July 1, 1998 through September 30, 1998:

The contract for Program 197 was signed and construction started on September 8, 1998.

The contract for program 201 (last program in Horner Phase I) was executed on September 30, 1998. Bedroom configurations issues were addressed and actual costs in allowable TDC's (Total Development Costs) were reconciled t facilitate execution of the construction contract in September 1998. Construction documents have been submitted for building permit and construction start is expected to begin in late December 1998.

Originally anticipated bedroom configurations had to be revised to develop unit combinations that did not exceed HUD's published maximum development costs for each building/unit type.

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

Activity from July 1, 1998 through September 30, 1998: Horner activity during the quarter was limited pending CHA's plans to vacate the last few tenants in the 16 story building at 2215 W. Lake Street. Demolition of 2215 and 2245 W. Lake Street, a twin building which is vacant, and the two large high rises must start before development back on site can begin.

With respect to the ABLA development, CHA submitted an additional HOPE VI application for the broader area dated June 29, 1998. CHA has requested that Habitat wait for approval by HUD for the second phase of ABLA prior to beginning on ABLA I.

ABLA II has been approved by HUD and will be consolidated with ABLA I, and the City held the first coordinating meeting on October 1, 1998.

FINANCIAL ACTIVITY - REPLACEMENT HOUSING PROGRAM - 1,644 UNITS

A status of the financial activity for each of the funded programs for the period ending September 30, 1998 is shown below:

PROGRAM	NO. of UNITS	APPROVED BUDGET	COST TO DATE
178 (Lawndale)	18	2,634,966	1,556,146
180 (Washington Park)	59	7,094,308	1,096,532
182 (Cabrini)	107	9,856,000	1,766,786
184 (Washington Park)	33	4,130,506	2,944,347
188 (Horner)	30	3,615,234	3,643,834
191 (Horner)	51	5,985,830	6,130,405
195 (Horner)	45	4,878,068	4,806,051
196 (Horner)	38	4,314,083	949,452
197 (Horner)	45	6,373,343	893,766
198 (Horner)	56	5,533,015	5,579,730
199 (Horner)	39	4,234,703	3,985,176

PROGRAM	NO. of UNITS	APPROVED BUDGET	COST TO DATE
200 (Horner)	30	2,839,515	729,127
201 (Horner)	43	5,239,868	358,385
202 (Horner)	43	5,330,430	2,415,246
203 (Horner)	32	4,208,033	4,453,793
204 (Horner)	15	2,195,693	1,259,872
192 (Cabrini)	83	9,137,750	395,010
193 (Lake Front)	130	16,216,250	1,126,815
194 (Washington Park)	38	5,913,691	5,741,727
205 (Washington Park)	8	858,123	343,785
206 (Washington Park)	27	2,652,702	163,635
207 (Washington Park)	22	3,255,568	438,411
Cabrini HOPE VI	303	40,000,000	0
Horner 1996 HOPE VI - Phase II	150	18,435,300	95,817
ABLA 1996 HOPE VI - Phase I	200	24,483,250	27,184
TOTALS	1,644	$199,416,229	$50,901,032

THE HABITAT/STEP-UP APPRENTICESHIP PROGRAM
QUARTERLY STATUS REPORT
October 1998

I. CURRENT STATUS OF ALL REGISTERED APPRENTICES:

Registered Apprentices	36
At THC jobs	14
Permanently employed by THC Contractor	0
Other Employment	8
Terminated from Program due to performance	2
Voluntarily left Program	7
Unreachable	4
Other*	1
Totals:	**36**
Apprentices in Training	0
Total Apprentices in Training	**0**

* One apprentice, Eugene Duncan, was killed in a non-job-related accident while in the Step-Up Program.

II. Hours as reported through the most current Payroll Reports:

Contractor/ Program	Reporting Period	Journeymen Hours	Step-Up Hours	Step-Up %age
MCL-188**	11/16/96-08/16/97	21,242.50	5,208.50	24.5%
Enterprise-195**	11/17/96-09/27/97	33,076.25	6,234.50	19.0%
NEB-198**	02/01/97-03/30/97	1,510.00	287.00	19.0%
Enterprise- 200/202	09/20/97-08/29/98	17,685.50	4,017.25	22.7%
NEB-199/203	08/01/97-08/29/98	61,970.50	4,398.00	7.1%
NEB- 191	08/16/97-08/29/98	47,535.00	6,328.25	13.3%
NEB- 196	04/05/98-08/29/98	2,516.25	24.00	1.0%
Totals:		**185,536.00**	**26,497.50**	**14.3%**

**Construction is complete in these Programs.

III. UPDATE

Training and Counseling

Now that the agreement with A.S.A.P. has been terminated, we have had preliminary discussions with four organizations about providing job readiness training and counseling to the Step-Up Apprentices. These are all non-profit organizations experienced in workforce development. The organizations we have met with are Bickerdike Development Corporation, Greater West Town Development Corporation, and New City YMCA/LEED Council, and West Haven Project Match. We hope to have one of these organizations, or a collaboration of two of these organizations, in place by the beginning of December.

Recruitment

We have met or talked with most of the current Step-Up Apprentices, and several seem ready to be sponsored for union apprenticeships. We will need to begin recruiting additional Step-Up Apprentices soon, both to replace them and to meet the needs of the contractors. We will begin recruiting again once we have the job readiness training and counseling components back in place.

Insurance

One of the Step-Up Apprentices, Quan Sims, was seriously injured in a non-job-related accident. To date he has incurred more that $71,000 of medical bills. Unfortunately, we discovered that The Insurance Exchange, the insurance agent for A.S.A.P., had failed to put him on the health insurance policy, and the application for Workers Compensation had been denied. We have asked and are requiring The Insurance Exchange to resolve his medical bills.

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