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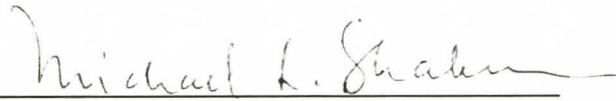
Hon. Marvin E. Aspen

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CERTIFICATE OF SERVICE

The undersigned, an attorney, hereby certifies that on August 25, 1999 he served copies of the attached **Notice of Motion** and the **Receiver's Report and Request for Instructions Regarding Cabrini-Green Redevelopment**, on the parties attached Service List by causing true and correct copies thereof to be delivered to them via messenger delivery at their respective addresses.

Dated: August 25, 1999



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

DOROTHY GAUTREAUX, at al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	No. 66 C 1459
	)	
CHICAGO HOUSING AUTHORITY and	)	Chief Judge Marvin E. Aspen
PHILLIP JACKSON, its Executive Director	)	
	)	
Defendants.	)	

**RECEIVER'S REPORT AND REQUEST FOR INSTRUCTIONS
REGARDING CABRINI-GREEN REDEVELOPMENT**

Daniel E. Levin and The Habitat Company (the "Receiver") respectfully submit the following report to advise the Court of the steps the Receiver proposes to take to advance the process for redeveloping the Cabrini-Green area in the wake of the unsuccessful mediation among the Receiver, the Cabrini-Green Local Advisory Council ("Cabrini LAC"), the Gautreaux plaintiffs, the CHA and the City. Because the redevelopment of Cabrini is an issue of major importance to the Cabrini residents and to Chicago as a whole, the Receiver submits this Report to give the Court, the parties and the City notice of its current plans; to permit them to comment thereon; and to invite the Court to instruct the Receiver to take other action if it disagrees with its Receiver's plans.

As the Court will recall, the Receiver and the interested parties have had numerous meetings and engaged in an extensive mediation with Professor Rubinowitz to attempt to come to an agreement concerning the redevelopment of Cabrini Green. That process unfortunately failed to produce an agreement, and Professor Rubinowitz terminated the mediation late last month.

The Court has pending before it a motion filed by the Cabrini LAC last November, prior to the mediation, titled a Motion for a Limited Waiver of the Injunction and Limited Modification of the Receivership Order ("Waiver Motion"). The Waiver Motion is premised on implementing, over the Receiver's objections, the proposed consent decree negotiated last year by the LAC with the City and CHA's prior administration, without the Receiver's participation. This motion, if granted, would have the effect of approving the prior draft consent decree and removing the Receiver from the Cabrini redevelopment process. For reasons expressed in the Receiver's November 20, 1998 report to the Court, the Receiver does not support this approach. Briefing on that Motion had been suspended pending the settlement process. On July 23, 1999, after receiving a report from Special Master Rubinowitz that the mediation was unsuccessful, this Court set a briefing schedule, which was later modified. Responses are now due August 23, 1999, and replies are due September 3, 1999. The Receiver submitted its objections on August 20.

We will not specify in this Report the details of the recent negotiation process or of the Receiver's objections to the proposed decree. However, we report generally that the Receiver largely adhered to positions consistent with those set forth in its November 20, 1998 Report to the Court and its February 4, 1999 request for instructions, which are attached as Exhibits I and J, respectively, to the Receiver's objections to the Waiver Motion. In addition, the parties learned through the mediation process that HUD had objections to portions of the proposed consent decree.

Since the parties to the mediation have been unable to reach agreement with the Cabrini LAC over certain issues relating to Cabrini redevelopment, the Receiver believes it is appropriate and desirable to proceed with the development process along the following lines, subject to instructions by this Court to the Receiver:

- The Receiver proposes to begin this large community redevelopment process, which involves major non-public housing elements, by seeking the concurrence and cooperation of the City and CHA. Accordingly, if the LAC's pending Waiver Motion is denied, the Receiver would promptly seek the concurrence of the City and CHA on the proposals herein. The Gautreaux plaintiffs are in accord with this approach.
- A "Working Group" would be formed, consisting of representatives of the City, CHA, Habitat, the Cabrini LAC, and the Gautreaux plaintiffs. The Working Group would oversee the redevelopment process. It would be sensible for the City to chair the Group. The Cabrini LAC will continue to be consulted regularly, as required under HOPE VI. In accordance with the Receivership Order in this case and HOPE VI procedures, if consensus among the Working Group could not be achieved, the Receiver and CHA would have decision-making authority in their respective areas of responsibility with respect to public housing matters.
- The Receiver proposes to retain several of the elements of the proposed consent decree negotiated last year by the Cabrini LAC, the CHA's prior administration and the City, including such things as the total number of units to be developed and the general income mix to be planned (50% market rate; 30% public housing; 20% "affordable").^{1/}
- The Receiver would work with the City to add additional land in the Cabrini area, as it may be available, to reduce the density originally contemplated by the proposed consent decree.
- The Working Group will prepare and issue RFP's for developers which will permit, but not require, developer(s) to propose some form of partnership and revenue-sharing for the Cabrini LAC. (The LAC would, of course, be free to encourage any developer it wished to respond to the RFP.) The Working Group would select the developer(s). In accordance with HUD requirements, if the LAC and the selected developer are willing to enter into a partnership

^{1/} It is currently believed that these percentages would result in more than enough units to house all current Cabrini residents affected by the redevelopment who wish to stay in the redevelopment area.

the LAC would drop out of the Working Group; if they are not, the LAC would remain part of the Working Group overseeing the development process.

- CHA would take steps to demolish the three buildings at 1159-61, 1015-17 and 1121 N. Larabee as soon as temporary housing is made available for the tenants living there. Such relocated tenants would receive priority for the replacement public housing built in the NNRI.
- Cabrini residents would be given a priority to “affordable” units for which they might qualify.
- At a later date, when development plans will have progressed, with the cooperation of the Gautreaux plaintiffs, the City and CHA, the parties would seek appropriate locational waivers and revitalizing designations from this Court.

These steps would be consistent with HUD guidelines. While the steps proposed above assume the absence of a negotiated agreement among the Cabrini LAC and the remaining parties, the Receiver remains open to reaching such an agreement in the future.

As noted above, this Request and the proposed actions described above, are linked to the Receiver’s objections to the pending Cabrini LAC Motion. The Receiver suggests that the Court might wish to coordinate matters by inviting comments from the other parties on this Report and

Request for Instructions to be filed by September 3, 1999, and giving the Receiver an opportunity to reply to such comments, if any are filed, by September 10, 1999.

Respectfully submitted;

Date: August 25, 1999



One of the Counsel for Daniel E. Levin and
The Habitat Company, as Receiver Pursuant
to the Court's Order of August 14, 1987

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