



THE HABITAT COMPANY

MEMORANDUM

TO: Chief Judge Marvin E. Aspen

FROM: Daniel E. Levin and
The Habitat Company 

DATE: January 20, 2000

SUBJECT: CHA SCATTERED SITE AND REPLACEMENT HOUSING PROGRAMS
Quarterly Report: Fourth Quarter, 1999

We are pleased to submit the Quarterly Report for the Fourth Quarter of 1999 for the CHA Scattered Site and Replacement Housing Programs.

Summary of Units Completed, Units In Development, and Financial Status

Of the total of 1,602 Scattered Site units, 1,581 have been completed and transferred, and construction is continuing on the remaining 21 units. These units are scheduled to be completed and transferred in the 1st and 2nd Quarters of 2000.

In the Demonstration programs, all 211 units have been completed and transferred.

511 units in the Replacement Housing programs have been completed and transferred, and 83 units are under construction. 227 are being bought or leased on a long-term basis (40 years) from private developers, and 2,307 are in various development phases.

In the Scattered Site programs, a total of \$154,523,492 has been budgeted and \$149,828,952 (96% of the total) has been spent. In the Demonstration and FSS programs, a total of \$38,057,098 has been budgeted and \$34,714,987 (91% of the total) has been spent. In the Replacement Housing programs, a total of \$260,989,981 has been budgeted and \$141,865,794 (54% of the total) has been spent.

Status of Scattered Site, Demonstration and Replacement Housing Programs

Table 4 lists the current status of each program.

Scattered Site Programs

Construction on the remaining 21 units in program 152 were started in May 1999 and scheduled to be completed and transferred in the 1st and 2nd Quarters of 2000.

Demonstration Programs

HUD has approved the sale of the 22 units which comprise Program 165. An advertised sealed bid auction was initiated with bids due January 24, 2000. Closing will follow shortly after receipt of acceptable bids.

Lawndale Replacement Housing

Fourteen (14) units of the total 18 units have been completed and transferred. Construction is in process on the remaining 4 units, and these units are scheduled to be completed and transferred in February.

Washington Park & Lakefront Replacement Housing

Six (6) units were completed and transferred during the 4th Quarter, bringing the total number of units completed and transferred to date to 82. Building permits were issued for 12 more units in January, 2000.

Lakefront & Drexel Sites --- A total of four (4) proposals were received on November 15th in response to the Lakefront and Drexel Sites Requests for Proposals ("RFP's"). There were two proposals for the Lakefront Site and two proposals for the Drexel Site. The two respondents for the Lakefront Site RFP were a joint venture of Draper & Kramer, Inc. and The Community Builders, and a joint venture of New Kenwood, L.L.C. and Cambridge Homes. The two respondents for the Drexel Site RFP were a joint venture of Brinshore Development, L.L.C. and Lakeshore Development Company, and a joint venture of the Thrush Companies and Granite Development. The Evaluation Panel consists of the following entities: Habitat, the Chicago Department of Planning & Development ("DPD"), CHA, the Chicago Department of Housing ("DOH"), 4th Ward Alderman Toni Preckwinkle, the North Kenwood-Oakland Conservation Community Council ("CCC"), and the "Gautreaux" Plaintiffs. The Lakefront Community Organization ("LCO") was invited to participate on the Evaluation Panel but has declined to do so. Also, a representative of the U.S. Department of Housing & Urban Development ("HUD") has been participating in the Evaluation Panel meetings as an observer. The Evaluation Panel has begun interviews with the respondents, and there were community presentations by the respondents on January 6th (Drexel Site) and January 20th (Lakefront Site). The Evaluation Panel is expected to make its decision in late February or early March.

Scattered Kenwood-Oakland Units -- Of the 91 scattered units to be developed in Kenwood-Oakland, 44 units have been completed and transferred, and building permits for 12 units were issued in January, 2000. The remaining 35 Kenwood-Oakland scattered

units are being bought from private developers. Of these 35 units, 14 units are under construction, construction is scheduled to start on another 15 units this Spring, and construction should start on the remaining 6 units by this Summer.

Units Scattered Outside of Kenwood-Oakland -- Of the 200 units to be scattered outside of Kenwood-Oakland, 38 units in Rogers Park and West Ridge have been completed and transferred. We expect to issue RFP's for architects and contractors for 38 units in Woodlawn this Spring. Funding is not yet available for the remaining 124 units.

Horner Replacement Housing

Substantial progress has been made toward the completion of the total 466 units in the first phase of the Horner Replacement Program. All but five of 466 units in Horner Phase I are scheduled to be completed and transferred by June, 2000. Unanticipated subsurface environmental problems in land transferred from the City of Chicago has placed the feasibility of the last five units in doubt, and alternatives are being explored. As of December 31, 1999, 399 units have been completed and transferred. Construction is currently underway on the "South of Madison/West of Western" units, which are the final units in this phase of the redevelopment. The first building in this area transferred on December 17, 1999.

We have previously communicated our serious concerns regarding certain management and security problems experienced at some of the completed Horner Phase I housing. In early October, 1999 the Gautreaux plaintiffs filed a motion to schedule a chambers conference with you concerning these issues, and several conferences have been held at which substantial progress was reported in addressing the issues. While concerns remain in the area discussed, the Court's active involvement served to catalyze action that was needed.

We have previously reported the status of the Horner litigation, Henry Horner Mothers Guild, et al, v. The Chicago Housing Authority, et al, pending before Judge Zagel relating to the schedule for construction of replacement housing. Our motion of March 24, 1999 to Judge Zagel respecting the construction schedule was continued generally and remains pending. No response has been filed. Apart from an exchange of documents, no further discovery has been done. The Horner plaintiffs have not yet filed any formal motion seeking liquidated damages from Habitat. We have had discussions with the Horner plaintiffs counsel concerning our motion and whether any objections to it will be withdrawn, but we have not received a final response to our suggestions.

Horner Replacement Housing Phase II

In the last quarter of 1999, the parties interested in the next phase of the Horner redevelopment effort met on several occasions with attorney John R. Schmidt, who has informally served as a mediator to attempt to facilitate agreement on steps necessary to proceed with Phase II. The parties, interested community representatives, the Receiver and Mr. Schmidt have also met with you on several occasions to report the progress made. An agreement was reached in early December for the demolition of the vacant high rise

buildings at 2215 and 2245 W. Lake Street, and the CHA has arranged for their demolition in the Spring of 2000. Discussions have continued looking to the demolition of the remaining high rises and the issuance of an RFP for the redevelopment of the balance of the Horner site as a mixed income development with at least enough low income public housing units to house all present Horner families who wish to remain. On December 23, after we had understood that all issues had been resolved, counsel for the Horner plaintiffs raised new objections to certain issues and requested a meeting with Judge Zagel on the subject. On January 18, 2000 the parties met again with Mr. Schmidt, who suggested postponing the meeting with Judge Zagel to afford the parties an opportunity for further discussions, which Mr. Schmidt has said he will pursue.

A revised pre-development budget for Horner II was submitted to HUD on October 6, 1999 (the original pre-development budget was submitted to HUD in May, 1999) that would allow for architectural and planning services to be secured. HUD has objected to reimbursing the Receiver for certain overhead expenses and to paying the Receiver a 3% fee for Phase II. After some delay by HUD in addressing this issue, on October 6th we submitted a specific proposal to HUD. Shortly after year-end, HUD informed us that the pre-development budget has been approved with certain modifications. The issue of the Receiver's fee for HOPE VI work remains unresolved and is the subject of a motion that the Receiver filed on January 14, 2000, which more fully describes HUD's position with respect to the fee issue.

ABLA Replacement Housing

After extended deliberation, the ABLA Working Group met its goal of having a development manager selected by the beginning of the new year. The group agreed to select the Telesis Corporation, of Washington, DC, as the firm to oversee the design master planning, construction phasing, and human capital development aspects of the ABLA development. Time lines for the planning process are not yet clear, but preliminarily we hope to begin construction on at least one phase of the development during 2001. Contract negotiations with Telesis will begin shortly in an effort to allow work to commence as quickly as possible.

A revised pre-development budget for ABLA was submitted to HUD on October 6, 1999 (the original pre-development budget was submitted to HUD in May, 1999) that would allow for architectural and planning services to be secured. HUD has objected to reimbursing the Receiver for certain overhead expenses and to paying the Receiver a 3% fee for ABLA. After some delay by HUD in addressing this issue, on October 6th we submitted a specific proposal to HUD. Shortly after year-end, HUD informed us that the pre-development budget has been approved with certain modifications. The issue of the Receiver's fee for HOPE VI work remains unresolved and is the subject of a motion that the Receiver filed on January 14, 2000, which more fully describes HUD's position with respect to the fee issue.

A lawsuit was filed in late July against CHA and HUD by certain ABLA tenants who alleged that the plans for replacement housing at ABLA are racially discriminatory. The Gautreaux

plaintiffs and the Receiver filed a joint motion in August regarding that new suit, which you subsequently granted. Thereafter, the ABLA tenants filed a motion to intervene in Gautreaux, which is being briefed by the parties.

Cabrini Replacement Housing

In our last report, we informed you of Professor Rubinowitz's termination of the mediation that he had conducted as Special Master. Since that time, the Cabrini LAC filed a motion for a waiver of the Gautreaux injunction in order to implement the 1998 draft consent decree negotiated with the City and CHA. The Court denied that motion on September 28th. We filed a Request for Instructions in August with our proposal of steps to take to move the process forward at Cabrini. On November 5, 1999 you granted the motion and approved the approach to redevelopment we had suggested. Since that time we have been involved in discussions with CHA, the City of Chicago, the Gautreaux plaintiffs and counsel for the Cabrini LAC. All parties other than the Cabrini LAC reached agreement on how to proceed, and as of late December 1999 we were waiting for the LAC's response to our suggestions.

A closing on the financing for North Town Village will most likely occur in February. This is a mixed-income project which includes a total of 261 units, of which 79 units (30%) will be replacement housing for Cabrini. The City has acquired the privately-owned parcel which comprises 2 of the 7 acres of the project site, and approvals from the State and from HUD are expected on the environmental remediation work.

Regarding Old Town Square, MCL has completed and is ready to close on only seven of the twenty-eight public housing units for this project. Per MCL's contract, they were obligated to have all twenty-eight units completed by December 31, 1999. A default letter is being drafted by the Chicago Metropolitan Housing Development Corporation ("CMHDC"). This letter will be sent to MCL once reviewed, and approved by The Habitat Company and the other involved parties. It has not been confirmed by MCL when the remaining twenty-one public housing units will be completed.

Robert Taylor B Replacement Housing

HUD has approved the Revitalization Plan for the Robert Taylor B HOPE VI grant and the Development Proposal for the Hearts United project. The Hearts United project is for a total of 116 units, of which 29 units (30%) will be replacement housing for Taylor.

Other Taylor replacement housing projects which are in the planning stage include:

64th Street & Stony Island Avenue -- a developer proposes a 152-unit high-rise on the site, of which 30 units (20%) would be leased to CHA for 40 years. All of the units would be either one- or two-bedroom rental apartments.

4700 N. Beacon -- CMHDC proposes to rehab this 12-unit apartment building. Three (3) of the units (25%) would be leased to CHA for 40 years.

Affordable Construction Concepts -- a developer proposes to build twenty 2-flats, for a total of 40 units, in the Mid-South area to be sold to CHA.

Madden Park, Darrow Homes, and Ida B. Wells

Following a lengthy community planning and Request for Qualifications process, St. Louis-based McCormack Baron was selected to be the master developer for the preparation of a year 2000 HOPE VI grant application for the Madden Park, Darrow Homes, and Ida B. Wells developments on the near South Side. McCormack Baron will work with the City, the Receiver, CHA, the Madden Park and Ida B. Wells LAC's, the North Kenwood-Oakland Conservation Community Council, the Mid-South Planning & Development Commission, and Ald. Toni Preckwinkle (4th Ward) to produce a plan and application for next year's HOPE VI grant. If a year 2000 HOPE VI grant is awarded for this project, McCormack Baron would act as the development manager, with the expectation that construction could begin very quickly on the mixed-income redevelopment of the site.

Step-Up Apprenticeship Program

The Habitat Company has contracted New City YMCA Local Economic & Employment Development (LEED) Council to implement a comprehensive program designed to transition current apprentices into permanent jobs. The primary focus of this program is to provide apprentices with sixteen (16) weeks of classroom training, which would include seminars on goal setting, interviewing skills, resume writing and life skills. Because all of the apprentices have had extensive on-the-job training, we feel that the classroom training is a necessary complement to the job training and will better prepare the apprentices in the transition from apprentices to full-time employees.

In contracting with New City YMCA LEED Council to work with this last set of apprentices, it is Habitat's intent to cease participation in the Step-Up Program for future housing development programs. In going forward, Habitat will require developers to comply with Section 3 of the U.S. Department of Housing and Urban Development Act of 1968 which requires that jobs and other economic opportunities generated by the expenditure of HUD funds be directed to low and very low income persons (Section 3 residents) or businesses that provide economic opportunities to low income persons (Section 3 businesses).

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**Summary of Completed/Transferred Units
and Units Under Construction
as of December 31, 1999**

TABLE No. 1

COMPLETED/TRANSFERRED

Year	# of Units Completed/Transferred							Total All Units
	Scattered Site	Demonstration & FSS	Horner	Lawndale	Wash. Park Lakefront	Cabrini	Taylor	
1989	7							7
1990	127							127
1991	107							107
1992	214							214
1993	340							340
1994	147							147
1995	203							203
1996	308	15	4		4			331
1997	97	65	129		41			332
1998	20	100	155	4	23	16		318
1999	11	31	111	10	8	0		171
Total Completed	1,581	211	399	14	82	16	0	2,297

UNDER CONSTRUCTION

# of Units Under Construction	Scattered Site	Demonstration & FSS	Horner	Lawndale	Wash. Park Lakefront	Cabrini	Taylor	Total All Units
As of December 31, 1999	21	0	67	4	12	0	0	104

BUY/LEASE PHASE

# of Units Buy/Lease Phase	Scattered Site	Demonstration & FSS	Horner	Lawndale	Wash. Park Lakefront	Cabrini	Taylor	Total All Units
As of December 31, 1999	0	0	0	0	35	130	62	227

GRAND TOTAL	2,628
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Summary of Units in Development
as of December 31, 1999

TABLE No. 2

	Bid/RFP Phase	Planning Phase	TOTALS
Scattered Site	0	0	0
ABLA	0	1,115	1,115
Cabrini	0	541	541
Horner 2	0	150	150
Lakefront	150	162	312
Taylor	0	189	189
TOTALS	150	2,157	2,307

**Financial Summary by Program
as of December 31, 1999**

Scattered Sites		
Program No.	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	4,825,930	4,731,809
123	7,827,851	7,447,083
124	8,136,524	8,135,811
125	2,039,484	2,039,484
126 TK	2,062,780	2,062,780
127	2,386,667	2,386,667
128 TK	3,004,474	2,982,418
129 TK	2,271,403	2,271,403
130 TK	2,894,112	2,843,690
131 TK	2,556,421	2,556,421
132	2,530,000	2,533,420
133	2,075,167	2,075,167
134	2,055,883	2,055,051
135 TK	2,661,470	2,636,875
136	2,336,466	2,336,466
137 TK	2,719,177	2,715,178
138 TK	2,614,379	2,568,613
139 TK	2,454,275	2,452,559
140	2,502,820	1,493,589
141 TK	2,700,924	2,666,667
142 TK	2,411,349	2,375,087
143 TK	3,303,012	3,151,383
147 TK	2,676,540	2,646,881
149 TK	2,709,352	2,642,708
150 TK	2,522,813	2,516,006
151 TK	2,747,255	2,703,394
152 TK	2,883,297	1,014,173
153	2,549,740	2,555,275
154 TK	3,988,830	3,980,067
155 TK	2,627,030	2,532,341
156 TK	2,679,344	2,613,437
157 TK	2,723,598	2,658,812
158 TK	3,149,769	3,066,523
159 TK	2,634,087	2,627,636
160 TK	2,909,461	2,868,658
161 TK	4,143,819	3,882,814
175 TK	4,527,835	4,421,432
176 TK	3,688,870	3,589,890
TOTALS	\$154,523,492	\$149,828,952

**Financial Summary by Program
as of December 31, 1999**

Demonstration & Family Self-Sufficiency (FSS)		
Program No.	Approved Budget	Cost (Income) To Date
145	\$3,457,281	\$3,335,349
146	2,289,199	2,255,740
162	3,521,980	3,492,954
164	4,320,000	4,399,590
165	3,012,835	2,530,970
166	3,561,947	3,555,557
167	1,960,003	2,054,102
168	1,680,003	1,734,731
169	1,680,003	2,310,775
170	1,720,130	1,919,377
171	1,820,003	567,136
172	2,612,205	2,078,011
173	4,198,153	4,175,738
177 (FSS)	2,223,356	304,957
TOTALS	\$38,057,098	\$34,714,987

**Financial Summary by Program
as of December 31, 1999**

Replacement Housing		
Program No.	Approved Budget	Cost (Income) To Date
<u>Horner I</u>		
188	\$4,853,186	\$4,850,812
191	6,184,489	6,161,181
195	4,878,068	4,791,559
196	4,309,641	3,910,928
197	6,373,343	5,790,369
198	5,680,135	5,637,118
199	4,234,703	4,207,680
200	2,839,515	2,837,536
201	5,070,900	2,426,603
202	5,330,430	5,316,700
203	4,208,033	4,288,905
204	2,195,693	1,032,230
Subtotal	\$56,158,136	\$51,251,621
<u>Lawndale</u>		
178	2,798,397	2,676,305
Subtotal	\$2,798,397	\$2,676,305
<u>Washington Park Lakefront</u>		
180	\$7,094,308	\$820,026
184	4,130,506	4,355,448
193	16,216,250	869,738
194	5,913,691	5,770,352
205	858,123	400,531
206	2,652,702	1,160,607
207	3,255,568	1,227,009
Subtotal	\$40,121,148	\$14,603,711
<u>Cabrini</u>		
182	\$9,856,000	\$1,990,906
192	9,137,750	410,354
HOPE VI	40,000,000	
Subtotal	\$58,993,750	\$2,401,260
<u>ABLA 1</u>		
HOPE VI	\$24,483,250	
<u>ABLA 2</u>		
HOPE VI	\$35,000,000	
Subtotal	\$59,483,250	\$0
<u>Horner 2</u>		
HOPE VI	\$18,435,300	
Subtotal	\$18,435,300	\$0
<u>Taylor B</u>		
HOPE VI	\$25,000,000	
Subtotal	\$25,000,000	\$0
TOTALS	\$260,989,981	\$141,865,794

**Program Activity and Status
as of December 31, 1999**

TABLE No. 4

Scattered Site --- 1,602 Units			
Program No.	AREA	# of Units	Status
115-143,147-160,161,175,176	Various	1,581	Completed/Transferred
152	South Chicago	21	Under Construction
		1,602	TOTAL UNITS

Demonstration and FSS --- 233 Units			
Program No.	AREA	# of Units	Status
145,146,162,164,166-173	Various	211	Completed/Transferred
165	Pullman/South Lawndale	22	To be Sold
		233	TOTAL UNITS

Lawndale -- 18 Units			
Program No.	Area	# of Units	Status
IL06-P802-178	Lawndale	14	Completed/Transferred
	Scheduled to transfer 1st Qtr. 2000	4	Under Construction
		18	TOTAL UNITS

ABLA --- 1,115 Units			
Program No.	Name	# of Units	Status
			Completed/Transferred
			Under Construction
			Buy/Lease Phase
		732	Planning Phase - on site
		383	Planning Phase - off site
		1,115	TOTAL UNITS

Cabrini --- 687 Units			
Program No.	Name	# of Units	Status
	Division South	277	Planning Phase - Funded
	North Town Village	79	Buy/Lease Phase
	Mohawk North	16	Completed/Transferred
	Mohawk Partners	5	Buy/Lease Phase
	Old Town Square	28	Buy/Lease Phase
	Renaissance East	18	Buy/Lease Phase
	Sites Undetermined	264	Planning Phase
		687	TOTAL UNITS

Taylor B -- 251 Units			
Program No.	Name	# of Units	Status
	Hearts United	29	Buy/Lease Phase
	64th & Stony	30	Buy/Lease Phase
	Affordable Construction Concepts	40	Planning Phase
	4700 N. Beacon	3	Buy/Lease Phase
	Sites Undetermined	149	Planning Phase
		251	TOTAL UNITS

**Program Activity and Status
as of December 31, 1999**

TABLE No. 4

Washington Park & Lakefront -- 441 Units			
Program No.	Name	# of Units	Status
IL06-P002-180	Kenwood/Oakland	2	Completed/Transferred
	Scattered		Under Construction
	Hutchinson's Row	15	Buy/Lease Phase
	Shakespeare (Thrush)	12	Buy/Lease Phase
	Shakespeare (Stanback)	6	Buy/Lease Phase
	Pope Place	2	Buy/Lease Phase
		20	Bid/RFP Phase (Drexel)
		2	Planning Phase
		59	SUBTOTAL
IL06-P002-184	Kenwood/Oakland	33	Completed/Transferred
	Scattered	33	SUBTOTAL
IL06-P802-193	Lakefront and Drexel		Completed/Transferred
			Under Construction
			Buy/Lease Phase
		130	Bid/RFP Phase
			Planning Phase
		130	SUBTOTAL
IL06-P002-194	West Ridge/Rogers Park	38	Completed/Transferred
	Scattered	38	SUBTOTAL
IL06-P002-205	Woodlawn		Completed/Transferred
			Under Construction
			Buy/Lease Phase
			Bid/RFP Phase
		8	Planning Phase
		8	SUBTOTAL
IL06-P002-206	Kenwood/Oakland	9	Completed/Transferred
	Scattered	12	Under Construction
			Buy/Lease Phase
		1	Planning Phase
		22	SUBTOTAL
IL06-P002-207	Woodlawn		Completed/Transferred
			Under Construction
			Buy/Lease Phase
			Bid/RFP Phase
		27	Planning Phase
		27	SUBTOTAL
Program Number		124	Planning Phase
Not yet assigned		124	SUBTOTAL
	TOTALS	82	Completed/Transferred
		12	Under Construction
		35	Buy/Lease Phase
		150	Bid/RFP Phase
		162	Planning Phase
		441	TOTAL UNITS