

For Bible

MEMORANDUM

TO: Chief Judge Marvin E. Aspen

FROM: Daniel E. Levin and
The Habitat Company



DATE: April 28, 2000

SUBJECT: **CHA SCATTERED SITE AND REPLACEMENT HOUSING PROGRAMS**
Quarterly Report: First Quarter, 2000

We are pleased to submit the Quarterly Report for the First Quarter of 2000 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 during the 2nd and 3rd Quarters of 2000.

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

534 units in the Replacement Housing programs have been completed and transferred, and 60 units are under construction. 225 units are being bought or leased on a long-term basis (40 years) from private developers, and 2,309 units are in various other development phases.

In the Scattered Site programs, a total of \$154,523,492 has been budgeted and \$150,340,753 (97% of the total) has been spent. In the Demonstration and FSS programs, a total of \$37,836,983 has been budgeted and \$31,702,594 (84% of the total) has been spent. In the Replacement Housing programs, a total of \$258,763,163 has been budgeted and \$146,793,684 (57% of the total) has been spent.

Status of Scattered Site, Demonstration and Replacement Housing Programs

Table 2 lists the current status of each program.

Scattered Site Programs

Construction started in May 1999 on the remaining 21 units in program 152, and these units are scheduled to be completed and transferred during the 2nd and 3rd 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, and bids have been received and are being evaluated.

Lawndale Replacement Housing

All 18 units have been completed and transferred. Four (4) units were completed and transferred during this quarter, and the last 2 units were transferred on March 24, 2000.

Washington Park & Lakefront Replacement Housing

The total number of units completed and transferred to date is eighty-two (82). Construction has begun on 12 more units, and these units are scheduled to be completed and transferred during the 2nd Quarter of 2000.

Lakefront & Drexel Sites --- Following an extensive community input process and after careful consideration, the Evaluation Panel recommended that a joint venture of New Kenwood, L.L.C. and Cambridge Homes be selected to develop the Lakefront Site. Habitat and the City have accepted this recommendation. Negotiations have begun with the selected developers to reach agreement on the specifics of the development and financing plans for the project. Regarding the Drexel Site, the Evaluation Panel concluded that its concerns about both proposals were sufficient to recommend that both proposals be rejected. Habitat and the City have accepted this recommendation as well. A Request for Proposals ("RFP") for the Drexel Site will be re-issued later this year.

A motion to amend the 1996 order establishing the North Kenwood-Oakland revitalizing area has been filed. The motion is to shift 20 public housing units from the Drexel Site to the Lakefront Site in order to reduce the density on the Drexel Site. The total number of public housing units to be developed on both sites, 150 units, would not change.

Scattered Kenwood-Oakland Units -- Of the 91 scattered units to be developed in Kenwood-Oakland, 44 units have been completed and transferred, and construction has begun on 12 more units. These units are scheduled to be completed and transferred in June, 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 Summer, and construction should start on the remaining 6 units by this Fall.

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 Summer. Funding is not yet available for the remaining 124 units.

Horner Replacement Housing Phase 1

Substantial progress has been made toward the completion of the total 466 units in the first phase of the Horner Replacement Program. Nineteen (19) units were completed and transferred during the 1st Quarter of 2000, for a total of 418 units completed and transferred as of March 31, 2000. Forty (40) units are scheduled to be completed and transferred during the 2nd Quarter of 2000. Three (3) units will not be completed and transferred until the end of the 3rd Quarter of 2000 because the site had to be changed at the request of the Alderman. As previously reported, 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.

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. The discussions have broadened to include CHA, the Gautreaux plaintiffs, and John Schmidt. We hope to resolve this issues through these discussions.

Horner Replacement Housing Phase 2

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 Schmidt, who has informally served as a mediator to attempt to facilitate agreement on steps necessary to proceed with Phase 2. 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. 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 February 1, 2000, Judge Zagel signed an Agreed Order providing so.

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. 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. The Court has set a briefing schedule regarding this motion which our counsel has requested be suspended pending discussions to resolve the matter by agreement.

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 are underway.

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. The issue is part of the pending motion described in the preceding section.

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 fully briefed.

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. Tentative agreement has been reached, and the parties are beginning to prepare a draft consent decree to reflect that agreement.

The closing on the financing for Phase 1 of the North Town Village project took place in late March 2000. This is a mixed-income project which includes a total of 261 units, of which 79 units (30%) will be replacement housing for Cabrini families. In Phase 1 there are 116 total units, of which 39 units will be for public housing. Site remediation is underway and construction is expected to begin soon.

Construction has begun on another small Cabrini project. The Mohawk Partners project consists of five 3-flat condo buildings, all of them on the 1400 block of north Mohawk Street. One unit in each building, or 5 of the units, will be replacement housing for Cabrini families. All of the units are scheduled to be completed this year.

Low Income Housing Tax Credits have been allocated for the Renaissance East project at 535 W. North Avenue. This project is a mixed-use, mixed-income 4-story building, with commercial space on the first floor and 60 rental units on the three upper floors. Eighteen (18) of the units, or 30%, will be replacement housing for Cabrini families. Closing on the financing for this project is expected to occur by the end of the year.

A letter of default has been sent to MCL Development Corporation ("MCL") for the Old Town Square project. MCL has completed and is ready to close on only 7 of the 28 public housing units for this project. Per MCL's contract, they were obligated to have all 28 units completed by December 31, 1999. It has not been confirmed by MCL when the remaining 21 units will be completed. This issue has been the subject of discussions between MCL and the City. We have advised the City that we wish to participate in the discussions, and we expect to do so in the near future.

Robert Taylor B Replacement Housing

The first units of Phase 1 of the Hearts United project are scheduled to be completed and transferred during the 2nd Quarter of 2000. Phase 1 of the Hearts United project is for a total of 116 units, of which 29 units (30%) will be replacement housing for Taylor families.

Other Taylor replacement housing projects which are in various development phases include:

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.

Hearts United, Phase 2 -- the developer has received a tax credit allocation from the City for Phase 2 of the Hearts United project. Twenty-eight (28) of the units would be replacement housing for Taylor families. Closing on the financing for this project is expected to occur before the end of the year.

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.

Island Terrace 2 (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. However, this project did not receive a tax credit allocation from the City in the most recently announced round. The developer is considering other financing options.

Madden Park, Ida B. Wells, and Darrow Homes

The SuperNOFA for Year 2000 HOPE VI grants was issued by HUD on February 24, 2000. Applications are due to HUD by May 18, 2000. 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 an application for a year 2000 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

Two Step-Up apprentices have been accepted into union apprenticeship programs. Through continued coaching and other previous attempts, Jowanda Howard has been accepted into the electricians' union apprenticeship program, and Maria Minjarez has been accepted in the carpenters' union apprenticeship program. We will continue to work with New City YMCA / LEED Council to ensure that the remaining Step-Up apprentices make the best possible transition to full-time permanent employment.

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cc: Counsel of Record in Gautreaux
Counsel of Record in Horner
Douglas R. Woodworth
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**Summary of Completed/Transferred Units
and Units In Development
as of March 31, 2000**

COMPLETED/TRANSFERRED

TABLE No. 1

Year	# of Units Completed/Transferred								Total All Units
	Scattered Site	Demonstration & FSS	Horner 1	Lawndale	Wash. Park Lakefront	Cabrini	ABLA	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	131		41				334
1998	20	100	150	4	23	16			313
1999	11	31	114	10	14	0			180
2000	0	0	19	4	0	0			23
Total Completed	1,581	211	418	18	82	16	0	0	2,326

UNDER CONSTRUCTION

# of Units Under Construction	Scattered Site	Demonstration & FSS	Horner 1	Lawndale	Wash. Park Lakefront	Cabrini	ABLA	Taylor	Total All Units
As of March 31, 2000	21	Completed	48	Completed	12	0	0	0	81

DEVELOPMENT PHASES

# of Units Development Phases	Scattered Site	Demonstration & FSS	Horner 2	Lawndale	Wash. Park Lakefront	Cabrini	ABLA	Taylor	Total All Units
Buy/Lease Phase	0	Completed	0	Completed	35	130	0	60	225
Bid/RFP Phase	0	Completed	0	Completed	120	0	0	0	120
Planning Phase	0	Completed	150	Completed	192	541	1,115	191	2,189
Total In Development	0	0	150	0	347	671	1,115	251	2,534

GRAND TOTAL	4,941
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**Program Activity and Status
as of March 31, 2000**

TABLE No. 2

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 --- 211 Units			
Program No.	AREA	# of Units	Status
145,146,162,164,166-173	Various	211	Completed/Transferred
		211	TOTAL UNITS

Lawndale -- 18 Units			
Program No.	Area	# of Units	Status
IL06-P802-178	Lawndale	18	Completed/Transferred
		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 1	29	Buy/Lease Phase
	Hearts United 2	28	Buy/Lease Phase
	4700 N. Beacon	3	Buy/Lease Phase
	Affordable Construction Concepts	40	Planning Phase
	Island Terrace 2	30	Planning Phase
	Sites Undetermined	121	Planning Phase
		251	TOTAL UNITS

**Program Activity and Status
as of March 31, 2000**

TABLE No. 2

Horner I --- 466 Units			
Program No.	Name	# of Units	Status
IL06-P802-188	Scattered	30	Completed/Transferred
	East of Western	30	SUBTOTAL
IL06-P802-191	Scattered	51	Completed/Transferred
	East of Western	51	SUBTOTAL
IL06-P802-195	Scattered	45	Completed/Transferred
	East of Western	45	SUBTOTAL
IL06-P802-196	Scattered	33	Completed/Transferred
	East of Western	5	Under Construction
	West of Western	38	SUBTOTAL
IL06-P802-197	West of Western	39	Completed/Transferred
		6	Under Construction
		45	SUBTOTAL
IL06-P802-198	Superblock B1	56	Completed/Transferred
		56	SUBTOTAL
IL06-P802-199	Superblock B2	39	Completed/Transferred
		39	SUBTOTAL
IL06-P802-200	Superblock A	30	Completed/Transferred
		30	SUBTOTAL
IL06-P802-201	West of Western	15	Completed/Transferred
		37	Under Construction
		52	SUBTOTAL
IL06-P802-202	Superblock A	43	Completed/Transferred
		43	SUBTOTAL
IL06-P802-203	Superblock B3	32	Completed/Transferred
		32	SUBTOTAL
IL06-P802-204	Rehabilitation	5	Completed/Transferred
		5	SUBTOTAL
	TOTALS	418	Completed/Transferred
		48	Under Construction
		466	TOTAL UNITS

Horner 2 --- 150 Units			
Program No.	Name	# of Units	Status
			Completed/Transferred
			Under Construction
			Buy/Lease Phase
			Bid/RFP Phase
		150	Planning Phase
		150	TOTAL UNITS

**Program Activity and Status
as of March 31, 2000**

TABLE No. 2

Washington Park & Lakefront -- 441 Units			
Program No.	Name	# of Units	Status
IL06-P002-180	Kenwood/Oakland	2	Completed/Transferred
	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
	Drexel Site	20	Planning Phase
		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
	Lakefront Site	120	Bid/RFP Phase
	Drexel Site	10	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
		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 - Unfunded
Not yet assigned		124	SUBTOTAL
	TOTALS	82	Completed/Transferred
		12	Under Construction
		35	Buy/Lease Phase
		120	Bid/RFP Phase
		192	Planning Phase
		441	TOTAL UNITS

**Financial Summary by Program
as of March 31, 2000**

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	7,440,192
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	1,452,608
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	3,066,521
159 TK	2,634,087	2,627,636
160 TK	2,909,461	2,868,658
161 TK	4,143,819	3,963,073
175 TK	4,527,835	4,421,432
176 TK	3,688,870	3,589,890
TOTALS	\$154,523,492	\$150,340,753

**Financial Summary by Program
as of March 31, 2000**

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	4,457,392	4,403,882
165	3,012,835	2,584,235
166	3,561,947	3,556,270
167	1,960,003	2,059,435
168	1,668,105	1,741,952
169	1,680,003	2,333,368
170	1,720,130	1,933,211
171	1,820,003	597,399
172	2,266,596	1,774,663
173	4,198,153	1,476,200
177 (FSS)	2,223,356	157,936
TOTALS	\$37,836,983	\$31,702,594

**Financial Summary by Program
as of March 31, 2000**

Replacement Housing		
Program No.	Approved Budget	Cost (Income) To Date
<u>Horner I</u>		
188	\$4,853,186	\$4,882,096
191	6,184,489	6,170,797
195	4,878,068	4,797,129
196	4,309,641	3,874,207
197	6,373,343	6,308,417
198	5,680,135	5,655,444
199	4,234,697	4,212,778
200	2,839,515	2,841,689
201	5,070,900	4,005,918
202	5,380,725	5,322,187
203	4,208,033	4,293,079
204	2,195,693	894,347
Subtotal	\$56,208,425	\$53,258,088
<u>Lawndale</u>		
178	2,798,397	2,676,305
Subtotal	\$2,798,397	\$2,676,305
<u>Washington Park Lakefront</u>		
180	\$4,817,201	\$873,257
184	4,130,506	4,422,007
193	16,216,250	1,058,174
194	5,913,691	5,782,802
205	858,123	402,036
206	2,652,702	1,390,506
207	3,255,568	1,012,899
Subtotal	\$37,844,041	\$14,941,681
<u>Cabrini</u>		
182	\$9,856,000	\$2,059,072
192	9,137,750	461,696
HOPE VI	40,000,000	
Subtotal	\$58,993,750	\$2,520,768
<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	\$258,763,163	\$146,793,684