



Bible

THE HABITAT COMPANY

MEMORANDUM

TO: Chief Judge Marvin E. Aspen

FROM: Daniel E. Levin and
The Habitat Company

DATE: July 26, 2000

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

We are pleased to submit the Quarterly Report for the Second 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 continues on the remaining 21 units. All of these units are scheduled to be completed and transferred by the end of October 2000.

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

1581
211
1792

46 units in the Replacement Housing programs were completed and transferred during the 2nd Quarter, for a total of 580 units completed and transferred. An additional 109 units are under construction. 129 units are being bought or leased on a long-term basis (40 years) from private developers, and 2,310 units are in various other development phases.

In the Scattered Site programs, a total of \$154,523,492 has been budgeted and \$150,572,058 (97% of the total) has been spent. In the Demonstration and FSS programs, a total of \$37,836,983 has been budgeted and \$31,301,703 (83% of the total) has been spent. In the Replacement Housing programs, a total of \$264,108,708 has been budgeted and \$149,182,596 (56% of the total) has been spent.

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 24 more units. These units are scheduled to be completed and transferred during the 3rd and 4th Quarters of 2000. The remaining 23 Kenwood-Oakland scattered units are being acquired from private developers.

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 fall. 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. Twenty-eight (28) units were completed and transferred during the 2nd Quarter of 2000, for a total of 446 units completed and transferred as of June 30, 2000. The final fifteen (15) units are scheduled to be completed and transferred during the 3rd Quarter of 2000. 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 under the agreement described in the next paragraph, they would not be developed.

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. Subject to obtaining HUD's concurrence and Judge Zagel's approval, we believe this matter has been resolved. Under the proposed agreement, a revised construction schedule will be approved. No liquidated damages will be assessed against Habitat, and the development funds for the last 5 units (described above) will be used to hire a security coordinator and for other security-related purposes under the auspices of the John Schmidt working group.

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. On June 28, 2000, a meeting of interested developers and others was held at the United Center to explore redevelopment approaches for Phase 2, and follow-up meetings will be held this summer.

HUD continues to object to paying the Receiver a 3% fee for Phase 2. 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 is scheduled to meet with the parties and a representative of the City of Chicago on July 26, 2000 to discuss 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 2001. 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 have been resolved for the services to be provided in the 1st phase of its activity.

HUD continues to object to paying the Receiver a 3% fee for ABLA. The issue is part of the pending motion described in the preceding section. The Court is scheduled to meet with the parties and a representative of the City of Chicago on July 26, 2000 to discuss the fee issue.

Certain ABLA tenants who alleged that the plans for replacement housing at ABLA are racially discriminatory filed a lawsuit in late July 1999 against CHA and HUD. 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

Since our last report, we have been involved in discussions with CHA, the City of Chicago, the Gautreaux plaintiffs and counsel for the Cabrini LAC. A tentative agreement has been reached, and the parties are in the final stage of preparing a draft consent decree to reflect the agreement.

Phase 1 of the North Town Village project is currently under construction and is progressing well. Thirty-nine (39) Cabrini replacement units are part of Phase 1. There has been a positive response from the public and the media regarding this development, and sales of the market rate units have exceeded projections. Efforts are now being focused on closing on the financing for Phase 2, which is projected to occur by the end of the year. Forty (40) Cabrini replacement units are part of Phase 2.

The Mohawk Partners development is progressing well. Four of the five 3-unit buildings are currently at various phases of construction. Completion of the first building is scheduled for mid August, which is when construction on the fifth building will begin. Five (5) Cabrini replacement units are part of this project.

The development at 535 W. North Ave. has undergone architectural changes at the request of the City. The total number of residential units has decreased from 60 to 59. The total number of public housing units has remained at 18. Additionally, the buildings height has increased from 4 to 5 stories. A joint letter from the Receiver and CHA requesting a Gautreaux waiver on public housing units in elevator mid-rise buildings has been submitted to Alex Polikoff, the attorney for the Gautreaux plaintiffs. Closing for the financing is now expected to occur the early part of 2001.

The Receiver, CHA and the City have held several meetings with MCL Development Corporation ("MCL") to discuss the issues surrounding the Old Town Square development. MCL recently submitted a proposal for the remaining units and additional units at Old Town Square as well as units for the "Spanjer" site. MCL has proposed that out of 276 total units projected for both sites, 62 units (28 at Old Town Square and 34 at Spanjer) would be Cabrini replacement units. Negotiations on the proposal are ongoing with MCL.

Robert Taylor B Replacement Housing

Hearts Units, Phase 1 -- The first 18 units of Phase 1 of the Hearts United project were completed and transferred during the 2nd Quarter of 2000. The remaining 11 units are expected to be completed and transferred this fall. All 29 units will be replacement units for Taylor B families.

Hearts United, Phase 2 -- Phase 2 of the Hearts United project is for a total of 107 units, of which 27 units (25%) will be replacement units for Taylor B families. The required Mixed Finance Proposal has been submitted to HUD. Closing on the financing for this project is expected to occur before the end of the year.

4700 N. Beacon -- The Chicago Metropolitan Housing Development Corporation ("CMHDC") has begun to rehab this 12-unit apartment building. Three (3) of the units (25%) will be leased to CHA for 40 years as replacement units for Taylor B families.

Madden Park, Ida B. Wells, and Darrow Homes

An application for a Year 2000 HOPE VI grant was submitted to HUD on May 18, 2000. The application was prepared by McCormack Baron, which worked with the City, the Receiver, CHA, the Madden Park and Ida B. Wells LAC's, the Gautreaux plaintiffs, the North Kenwood-Oakland Conservation Community Council, the Mid-South Planning & Development Commission, and Ald. Toni Preckwinkle (4th Ward) to prepare the application. If a year 2000 HOPE VI grant were 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.

CHA Transformation Plan

Habitat has been involved in ongoing discussions with CHA, the City of Chicago, public housing resident leaders, and the Gautreaux plaintiffs concerning a range of issues arising from CHA's 10-year, \$1.5 billion transformation plan, and Habitat's role in the development of new public housing as part of that process. As issues are resolved we expect to be reporting to the Court.

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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 June 30, 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	47	4	0	0	0	18	69
Total Completed	1,581	211	446	18	82	16	0	18	2,372

UNDER CONSTRUCTION

# of Units Under Construction	Scattered Site	Demonstration & FSS	Horner 1	Lawndale	Wash. Park Lakefront	Cabrini	ABLA	Taylor	Total All Units
As of June 30, 2000	21	Completed	20	Completed	24	51	0	14	130

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	23	79	0	27	129
Bid/RFP Phase	0	Completed	0	Completed	150	0	0	0	150
Planning Phase	0	Completed	150	Completed	162	541	1,115	192	2,160
Total In Development	0	0	150	0	335	620	1,115	219	2,439

GRAND TOTAL	4,941
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**Program Activity and Status
as of June 30, 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
	Mohawk North	16	Completed/Transferred
	Old Town Square	7	Under Construction
	Old Town Square	21	Buy/Lease Phase
	North Town Village	39	Under Construction
	North Town Village	40	Buy/Lease Phase
	Mohawk Partners	5	Under Construction
	535 W. North Ave.	18	Buy/Lease Phase
	Division South	277	Planning Phase - Funded
	Sites Undetermined	264	Planning Phase
		687	TOTAL UNITS

Taylor B -- 251 Units			
Program No.	Name	# of Units	Status
	Hearts United 1	18	Completed/Transferred
	Hearts United 1	11	Under Construction
	4700 N. Beacon	3	Under Construction
	Hearts United 2	27	Buy/Lease Phase
	Sites Undetermined	192	Planning Phase
		251	TOTAL UNITS

**Program Activity and Status
as of June 30, 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	45	Completed/Transferred
		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	37	Completed/Transferred
		15	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	446	Completed/Transferred
		20	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 June 30, 2000**

TABLE No. 2

Washington Park & Lakefront -- 441 Units			
Program No.	Name	# of Units	Status
IL06-P002-180	Kenwood/Oakland	2	Completed/Transferred
	Shakespeare (Thrush)	12	Under Construction
	Hutchinson's Row	15	Buy/Lease Phase
	Shakespeare (New Kenwood)	6	Buy/Lease Phase
	Pope Place	2	Buy/Lease Phase
	Drexel Site	20	Bid/RFP 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	Bid/RFP 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
		24	Under Construction
		23	Buy/Lease Phase
		150	Bid/RFP Phase
		38	Planning Phase
		124	Planning Phase - Unfunded
		441	TOTAL UNITS

**Financial Summary by Program
as of JUNE 30, 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	1,663,823
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	3,983,163
175 TK	4,527,835	4,421,432
176 TK	3,688,870	3,589,890
TOTALS	\$154,523,492	\$150,572,058

**Financial Summary by Program
as of JUNE 30, 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	4,405,393
165	3,012,835	2,373,132
166	3,561,947	3,557,656
167	1,960,003	2,060,698
168	1,668,105	1,741,952
169	1,680,003	2,397,711
170	1,720,130	1,969,029
171	1,820,003	443,791
172	2,266,596	1,631,777
173	4,198,153	1,476,200
177 (FSS)	2,223,356	160,321
TOTALS	\$37,836,983	\$31,301,703

**Financial Summary by Program
as of JUNE 30, 2000**

Replacement Housing		
Program No.	Approved Budget	Cost (Income) To Date
Horner I		
188	\$4,853,186	\$4,918,875
191	6,184,489	6,176,098
195	4,878,068	4,809,478
196	4,309,641	2,878,105
197	6,373,343	6,262,112
198	5,680,135	5,662,952
199	4,234,703	4,215,391
200	2,839,515	2,843,852
201	5,070,900	5,577,890
202	5,380,725	5,325,599
203	4,208,033	4,297,566
204	2,195,693	896,605
Subtotal	\$56,208,431	\$53,864,523
Lawndale		
178	2,798,397	2,676,305
Subtotal	\$2,798,397	\$2,676,305
Washington Park Lakefront		
180	\$1,979,392	\$432,796
184	4,130,506	4,059,313
193	16,216,250	1,085,870
194	5,913,691	5,727,550
205	858,123	406,926
206	2,652,702	1,726,918
207	3,255,568	859,344
208	1,151,673	32,370
209	879,165	17,355
210	301,883	8,043
211	2,973,880	301,068
213	2,876,747	180,822
Subtotal	\$43,189,580	\$14,838,375
Cabrini		
182	\$9,856,000	\$2,101,473
192	9,137,750	510,087
HOPE VI	40,000,000	
Subtotal	\$58,993,750	\$2,611,560
ABLA 1		
HOPE VI	\$24,483,250	197,413
ABLA 2		
HOPE VI	\$35,000,000	
Subtotal	\$59,483,250	\$197,413
Horner 2		
HOPE VI	\$18,435,300	222,300
Subtotal	\$18,435,300	\$222,300
Taylor B		
HOPE VI	\$25,000,000	180,822
Subtotal	\$25,000,000	\$180,822
TOTALS	\$264,108,708	\$149,182,596