

THE CHA SCATTERED SITE  
HOUSING PROGRAM

INITIAL STATUS REPORT

Submitted by:

The Receiver  
Daniel E. Levin  
The Habitat Company

October 20, 1987

October 20, 1987

TO: Judge Marvin E. Aspen  
FROM: Daniel E. Levin  
The Habitat Company  
RE: CHA SCATTERED SITE HOUSING PROGRAM

The following is our report regarding the status and implementation of the Scattered Site program since our appointment as the Receiver on August 14, 1987.

Projects Initiated and Issues Addressed

The following is a brief synopsis of the projects we have completed, and of those that are still in progress or need to be addressed:

1. Met with the regional HUD office in Chicago on several occasions to discuss funding, construction, relocation, etc.
2. Met with CHA on several occasions to discuss units in each existing program, status of plans, occupied units, etc.
3. Visited, photographed and catalogued every site (excluding those sites optioned but not yet officially purchased).
4. Met with general contractors, LJ Jones and McHugh Construction and authorized their preliminary review of a group of representative

buildings in preparation for the determining of amount of the costs to rehabilitate.

5. Reviewed existing plans with architects, Jim Swann of Swann and Wyskoff, Architects for Pines of Edgewater Phase I and II.
6. Hired several staff members and are close to hiring a Scattered Site Program Director.
7. Set up transition "work force" to winterize all buildings and begin the maintenance of occupied buildings.
8. Met with the Oversight Committee to discuss the program and their priorities and ideas.
9. Met with the Chicago Board of Realtors to discuss their possible assistance in locating neighborhood brokers to assist in acquisition of additional sites.
10. Met with the Chicago Equity Fund to discuss their possible participation in the program.
11. Began the process of copying all relevant CHA program files, plans, etc.
12. Contacted all utility companies regarding the building sites.
13. Created a list of all pending building code violations for all the sites, discussed the project with our attorney who is prepared to handle court calls.
14. Began fielding phone calls from interested alderman, neighborhood groups and site neighbors regarding our plans and timing.
15. Developed a "security" package to include on-site electronic surveillance and a patrol car.



16. Identified Limited and General areas to aid future acquisitions.
17. Developed initial strategy for relocation.
18. Met with the Department of HUD in Washington DC to discuss programs, funding, priorities, strategies, etc.
19. Negotiated insurance coverage for the programs.
20. Prepared and submitted an initial budget to HUD.

#### Summary of Major Meetings

The following is a chronological list of the major meetings we have held regarding the Scattered Site Housing program. This list does not include many informal meetings among Habitat personnel and numerous telephone conversations with CHA and HUD officials, our own attorneys, people from Technical Assistance Corporation for Housing, contractors and vendors, and others interested in offering assistance or working for the housing program. It also does not include the many interviews held with various individuals regarding the positions of overall project manager, construction manager, acquisition coordinator, staff accountant, and other administrative and support personnel. The names of the people attending each meeting is available if desired.

August 10, 1987

#### Habitat Organization Meeting

Topic: Preliminary Organization

August 18, 1987      Initial Meeting with HUD

Topic:      Scope of the programs, HUD personnel we would be working with, budget preparation, use of McHugh Construction, reconfiguring program size

August 21, 1987      Initial Meeting with CHA

Topic:      CHA personnel we would be working with, present disposition of and scope of the programs, acquisition procedures, rehab procedures, problems with HUD funding

August 24, 1987      Meeting with McHugh Construction

Topic:      Feasibility of becoming a general contractor, development of a cost budget

August 25, 1987      Follow Up Meeting with HUD

Topic:      Funding, proposed schedule of activities prior to accepting project

September 1, 1987      Meeting with Daniel Levin

Topic:      Analyze and formulate future plans and strategy

September 3, 1987 Luncheon Meeting with Scattered Site Oversight Committee  
at the Habitat offices

Topic: Status update and overview from previous  
meetings, group input concerning past  
problems, site selection, HUD budget approval,  
waivers, future meetings

September 7, 1987 Meeting with Paul Misch-US Capital

Topic: Tour of modular construction buildings  
(prototype for new construction)

September 11, 1987 Follow Up Meeting at CHA

Topic: Analysis of project files, plans, etc, and  
further discussion of the scope of programs,  
occupied units, funding

September 15, 1987 Meeting at HUD

Topic: File Analysis and Research

September 17, 1987 Meeting in Washington, DC

Topic: Discussion of Budgets, Funding, Program Size,  
letter to James Zale, selection of HUD  
liaison person



September 25, 1987 Meeting with HUD

Topic: Tenant Relocation

October 6, 1987 Meeting with Chicago Equity Fund

Topic: Potential participation with the Scattered  
Site Program

October 8, 1987 Meeting with L.J. Jones and McHugh Construction

Topic: Make Detailed Analysis of the Rehab Costs on  
ten units being reviewed by HUD

October 12, 1987 Meeting with Lloyds of London Insurance

Topic: Scattered Site Insurance Needs

We estimate that approximately 1,000 hours of the time of Habitat and McHugh Construction personnel, not including James P. McHugh, Daniel E. Levin, and Douglas R. Woodworth, has been given to the program since our appointment.

#### Pending Issues

Attached to this report is a letter dated September 8, 1987, (Exhibit "A") to Mr. James Zale of HUD in Washington requesting certain program waivers, the need to have our initial budget approved, and the ability to use a general contractor for the completion of the construction of the partially rehabbed

buildings on a negotiated fee basis. In response to the letter, a meeting was arranged in Washington with HUD officials to make certain policy decisions. While the meeting was productive and clarified HUD's position on a variety of matters, several issues remain open which will continue to delay the commencement of the program until they are resolved.

With respect to our general program waivers, HUD indicated that they were treating us like any other public housing authority and would not give us general program waivers, but is requiring us to submit specific requests for each waiver we need. While we understand their reasoning, it clearly makes our job more difficult. We will continue to honor this procedure although we believe major modifications are necessary in order to be able to proceed efficiently.

In regards to using McHugh Construction Company on a non-bid negotiated fee basis, we have reviewed the matters carefully and have decided that while we still believe it is the most cost and time efficient way to begin the rehabilitation process, we understand HUD's concern about this relationship, particularly relating to the public relations consideration. We have therefore decided to withdraw this request. However, we feel that the general contractor for the 74 existing buildings should be on a non-bid negotiated fee basis, and we are urging this approval from HUD.

On September 23, 1987, we sent to HUD an insurance proposal for property and liability coverage to protect our interest as Receiver. A copy of this



proposal, marked Exhibit "B", is attached. We believe this is the best coverage at the most reasonable cost and have requested HUD's approval of this coverage which we have not yet received.

The other major issue is the need for immediate initial budget funding. We have submitted the enclosed preliminary budget dated September 25, 1987 (Exhibit "C") to HUD covering all the items currently anticipated during the initial phase of the Receivership. As we have indicated to HUD, the budget request is conservative since it must provide for all administrative costs, security costs, as well as for the costs of construction without the benefit of substantial relevant data based on prior experience with the program. This is a budget resulting from HUD's request that it contain sufficient funds so that it would not be necessary to apply for budget increases. It is our intent to be as efficient as possible and to save as much money from any approved budget as is possible so that it will be available for further funding of this program.

HUD has not yet advised us as to when or whether we can anticipate approval of the budgets and of the signing of ACC contracts needed to fund our initial budgets and to proceed. We understand from conversations with HUD officials that the people involved in insurance and ACC contract negotiations have in one case had family illness problems requiring a delay in time and in the second case the employee resigned from HUD. We are disappointed that we have not been able to move the commencement of the program more promptly.

In summary, we are now at a critical point in the Receivership. We have been informed by the various insurance carriers that if coverage is not accepted and bound quickly they will soon withdraw their offers. At this time we have not located other markets to replace them. The second critical issue is that it is now almost mid-October and we have already had sub-freezing evenings and we will soon be into the winter months. If we do not proceed quickly to winterize these buildings, there will in all likelihood be further damage and deterioration of the property. We believe we have learned enough about the buildings and the program to be able to proceed promptly on receipt of the necessary approvals. In addition, the selection of the HUD liaison person agreed to in our September 17th meeting with HUD in Washington has not yet occurred. The selection of this person will help considerably in making our initial efforts more efficient.

We also firmly believe that if this program does not soon begin to show some signs of progress, there will be new reasonable criticism about the mismanagement of the program. We believe we have moved diligently to provide the information that HUD has required and we are available any time to work to negotiate the details of the ACC contracts and do whatever else we can to commence the program. But we also need proper insurance coverage, an appropriate budget, and the ability to use contractors in this emergency situation for existing buildings on a non-competitive bid basis.

We would be pleased to meet with you to review any aspect of this report and would welcome your assistance in obtaining immediate attention to these matters by HUD.

EXHIBIT A



THE HABITAT COMPANY



405 North Wabash Avenue Chicago, Illinois 60611 312/527-5400

September 8, 1987

Mr. James Zale  
Housing Development Director  
Department of Housing and Urban Development  
547 West Jackson Boulevard  
Room 902  
Chicago, Illinois 60606

RE: CHA SCATTERED SITE HOUSING PROGRAM

Dear Mr. Zale:

As you know, over the past several weeks we have had several meetings with representatives of HUD and CHA, as well as with outside contractors, consultants, and our own general staff. We have learned a considerable amount about the Scattered Site program, the problems which have been experienced, and about HUD's expectation of us as a Receiver. In this process, we also believe we have identified a fundamental problem that must be solved in order for the program to overcome past difficulties and to achieve the goals set for it. Simply put, it appears that HUD is not being responsive to the unique character of the Scattered Site Housing program in Chicago and still assumes it is sensible to proceed without any change or modification in the same statutes, rules, and regulations that govern large public housing buildings. The problem is that the Scattered Site Housing program is very unique, its history is troubled and far behind schedule, and its implementation in Chicago will be difficult under the best of circumstances. Proceeding with all the traditional operational constraints proposed by HUD, let alone budget constraints, will make it much more difficult, expensive, and time consuming to accomplish the program objectives.

After reviewing the specific rules and regulations for Public Housing Agencies we initially thought we could make a list of all the specific waivers needed. However, after discussions with HUD and our own analysis of the facts and situation, we believe it is clear that we need exemptions and modifications from many of the existing guidelines, except for those sections pertaining to the various Civil Rights Acts, the Davis-Bacon Act, minority participation, the Cost Reduction Act, accounting guidelines, and the Uniform Relocation Act. Though these problems do not explain the current failure of the program, it seems clear that the program has failed in part because the regulations do not have sufficient flexibility to deal with the uniqueness of the program.



The areas that pose the biggest problems are those that deal with procurement, especially the requirement for public bids on all contracts over \$10,000, the site acquisition process, plan and specification approval, budget approval, limitation on cost-plus contracts, and requirements for completion of Programs before turning over units. The existing rules and regulations on all these activities would add a considerable amount of time to both the up-front start up and the on-going acquisition, development and construction stages.

Therefore, while it may be theoretically possible to work within the current HUD rules and regulations, we believe it is very important and probably critical from a time viewpoint to start without the problems that contributed to the program's current failure.

While we are requesting careful consideration and/or modification of specific rules and regulations, we also want to describe two other issues that need attention.

1. The first is the need for some initial funding of program costs before final development budgets are prepared and approved. We need prompt authorization and funding of a start-up budget to pay for the costs of the development team to carefully study and review the physical status, plans, specifications, and files for each building or property. Based on the information now available, it is not possible to make an intelligent complete line-by-line development budget, allocated on a "by program basis" that is sensible, reasonable, or ultimately achievable. We need the basic facts before we can proceed much further and it will take some time and money to gather these facts, compile them in an organized fashion and budget and plan accordingly.

The initial funds needed are not great but are necessary to cover the cost of architects, contractors, direct project employee cost, fees, security, transportation, insurance, Habitat's administrative staff time, and all other miscellaneous administrative costs that will be incurred over the next few months to develop a full and complete development budget. The information that will be gathered and the reports generated would be essential not only to us but to HUD for considering our budgets and anyone else who may become involved if we were not to proceed for whatever reason. And, as we have indicated, we need to pay for the initial property and liability insurance coverage before it can become effective and we can assume the role of the receiver.

2. The second item that needs to be addressed is our ability to use a general contractor in both the initial



investigation phase and for the completion of construction of the partially re-habbed buildings on a negotiated fee basis.

The current competitive bidding procedures governing contracts for Public Housing agencies, especially those with general contractors make it almost impossible to achieve a quick and efficient start of the program. We believe even under current program guidelines there are sections that seem to provide for using a contractor or vendor on a non-competitive basis, HUD "Handbook for Procurement for Public Housing Agencies", 7460.8, paragraph 3.2B and 5.15. To require bidding for either the initial review process or the hiring of a general contractor will add months to our timetable. We believe the need for immediate action is critical, particularly if we are to protect the partially completed work, to winterize the buildings before freezing occurs and to have the maximum impact on the various neighborhoods and communities that have suffered so long because of the uncompleted work.

In order to move along quickly, it is necessary to have a general contractor as a member of the initial review team. McHugh Construction Company, for example, has indicated that they are able to make the necessary manpower available to immediately begin the physical inspection of all the buildings. And, while we may end up using several general contractors, it may also make sense in terms of time and cost to use the contractor who is already familiar with the buildings for the construction phase.

While the possible relationship we are suggesting in using McHugh Construction Company as an "identity of interest" contractor is not typical for public housing, it is a well accepted practice among many programs insured by FHA or sponsored by the Illinois Housing Development Authority. In fact, this "identity of interest" relationship has occurred in all FHA projects we have developed. FHA has many times encouraged this relationship and has very specific and successful rules and regulations for its implementation. We are suggesting that the same type of relationship which in the past has worked so well in the private sector may work well in this situation. We and McHugh Construction Company are willing to work with all program rules that govern other "identity of interest" situations. And in fact, they may be willing to work for less than the maximum percentage fee which would otherwise be approved for contracts of this type.

In conclusion, we believe the three most important elements to move this program along at an expedient pace is to generally waive or modify many of the Public Housing Agency guidelines, approve an initial operating budget to commence the work necessary to accurately budget the program and approve of a contractor on a



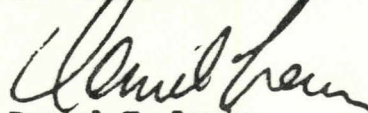
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negotiated fee basis for the initial research stage and the completion of the unfinished units.

We appreciate the help and information you and your staff have given and look forward to working closely with you on this program to make it as cost effective and efficient as possible.

We look forward to discussing our requests with you at your earliest convenience.

Sincerely,  
THE HABITAT COMPANY



Daniel E. Levin  
President

DEL/DRW:ml

cc: Alex Polikoff

EXHIBIT B

PROPOSAL FOR  
THE HABITAT COMPANY  
CHA SCATTERED-SITE-HOUSING

NEAR NORTH INSURANCE AGENCY, Inc.  
875 North Michigan Avenue  
23rd Floor  
Chicago, Illinois 60611  
Account Executive, Leesa Kamen

0083-L



THE HABITAT COMPANY  
CHA SCATTERED-SITE-HOUSING

PROPERTY COVERAGES

Form: All Risk Including DIC perils, Flood and Quake

Term: 36-month policy

Limits: \$2,000,000 per occurrence any construction loss

\$ 500,000 per occurrence any real property loss

25% of loss - Debris removal, expediting (\$250,000 expenses architects fees, Max.Limit) surveyors fees, and transit.

Deductible: \$ 5,000 Per occurrence and/or per building for all risk perils whether loss to real property or construction. Subject to \$20,000 cap.

\$ 10,000 Per occurrence and/or per building for DIC, Flood and Quake. Subject to \$40,000 cap.

Premium/Rate: 50¢ rate times total value to be completed during following 12 months and adjusted at year end only. Estimated annual premium--\$125,000. Rate guaranteed for entire 36-month policy.

Payment Terms: 50% deposit payable annually at inception (\$65,000). Remainder to be paid up at annual audit.

## GENERAL LIABILITY

### 1st Layer -

Limit: \$1,000,000 CSL (old occurrence form with  
no policy aggregate).

Carrier: Scottsdale (Best Rating A+:XV)

Deductible: \$ 1,000 per claim

Premium: \$ 93,633 (Adjustable)  
2,809 Taxes  
187 Stamping Fee  
1,500 Inspection Fee (First 74  
Bldgs.)  
\$ 98,129 Total Annual Premium

Term: Annual policy with a 3-year commitment  
based on following guaranteed rates.

Rates: \$ .065 per \$100 of actual construction  
costs.  
\$200.00 per unit

Conditions: Includes Broad Form CGL  
Excludes Pollution  
Excludes Punitive Damages  
Excludes Med Pay  
Excludes Fire Legal  
Excludes Professional  
Excludes Products & Completed Operations  
Vacanices must be boarded and secured  
while not under rehab.  
Habitat must be named as Additional  
Insured on General Contractor's GL  
subject to a minimum limit of  
\$1,000,000 (Certs are required).  
45 Day Cancellation

2nd Layer -

Limit: \$1,000,000 Excess \$1,000,000 CSL (old occurrence)

Carrier: California Union (Best Rating A:XV)

Conditions: Follows Scottsdale form

Premium: \$ 95,000 (Adjustible)  
2,850 Taxes  
190 Stamping Fee  
\$ 98,040 Total annual premium

Rates: \$ 255.37 Per unit (no adjustment on construction costs)

Terms: Annual with 3-year commitment based on above rate.

3rd Layer -

Limit: \$8,000,000 excess \$2,000,000 CSL (old occurrence)

Carrier: Lloyds of London and British Companies

Conditions: Follows Scottsdale form plus the following  
Includes Sun-Set Clause (Discovery Period Clause) which limits tail for reporting losses for two years after expiration. (See attached wording)  
Includes Failure to Complete/Perform (See Attached Wording)  
Excludes Phased Handover; therefore, no permission to occupy until completed and/or negotiated with London underwriters prior to occupancy.  
Inverse Condemnation (See attached wording)  
90 Day Cancellation

Term: 36-month policy (No adjustment)

Premium: \$1,200,000 (3-year total)

Payment Terms: \$1,000,000 (plus taxes) payable within 30 days of inception. Then \$100,000 payable after 12 months.; \$100,000 payable after 24 months.



SUN-SET (DISCOVERY PERIOD) CLAUSE

LOSS REPORTING LIMITATION ENDORSEMENT

Notwithstanding anything contained herein to the contrary, it is expressly understood and agreed that this policy shall not respond to any claims arising out of a loss which occurs during the period of this policy, which are not reported in writing to underwriters within the policy period or within 24 months following the expiration of this policy.

Regardless of when said claim or claims may have first become known, either to the Insured or others. The Insured specifically agrees to assume the risk that one or more claims may arise or first become known after the end of the said 5 year period, and that in the case the Insured will have no coverage hereunder for said claim or claims.

Expiration date as expressed in the paragraph above shall be deemed to be 30 September 1987 or any cancellation date whichever the earlier.

INVERSE CONDEMNATION EXCLUSION CLAUSE

This policy does not cover claims for loss or damage or any liability of any and all the Insureds arising out of or in any way connected with the operation of the principles of eminent domain, condemnation by whatever name called regardless of whether such claims are made directly against the Insured or by virtue of any agreement entered into by or on behalf of the Insured.

0084-L

#### FAILURE TO COMPLETE/PERFORM EXCLUSION

It is understood and agreed that this policy shall not respond to any claims made against the Insured arising out of:

- a. the failure of the Insured's products or work completed by  
or for the Insured to perform the function or serve the purpose intended by the Insured;
- b. fines or penalties imposed on the Insured should the Insureds products, or work completed by or for the Insured fail to reach the levels of performance set in the contract;
- c. the failure of the Insured to complete a contract on time or comply with any contractual obligation.



EXHIBIT C

THE HABITAT COMPANY



405 North Wabash Avenue Chicago, Illinois 60611 312/527-5400

September 25, 1987

Mr. Thomas Sherman  
Director  
Office of Public Housing  
The Department of Housing and Urban Development  
451 7th Street, S.W.  
Washington, D.C.

RE: CHA SCATTERED SITE HOUSING PROGRAM

Dear Mr. Sherman:

As we discussed, enclosed is a copy of our Initial Start-Up Budget for the Chicago Housing Authorities' Scattered Site Rehabilitation program. As we indicated in our letter to Mr. James Zale, and at our meeting of September 3, 1987 the approval and funding of this initial budget is critical to our assuming the responsibility of the Receivership as well as accepting the day-to-day control of the properties.

The costs in the projection are allocated into two periods, the first being the initial period from July 7, 1987 to November 30, 1987, and the second from December 1, 1987 to May 31, 1988. We have attempted to cover as many items in as many areas as possible and the budget represents our current best estimate until we get more familiar with each of the properties. The budget also assumes our current best estimate of costs for completing the initial 74 buildings.

We have also included some contingency items to cover any unforeseen administrative, operating or construction costs. We want to make it clear, however, that this is a budget for funding purposes and if the actual costs are not incurred or less than projected, HUD will benefit from the savings. As you know, we have pledged our best efforts to you and Judge Aspen to be as efficient as possible in administrating and operating this program.

The timing of this funding is extremely important because, as we indicated, we need to inspect and winterize the buildings to attempt to preserve as much as we can of their physical integrity until rehabilitation work can be completed. As you know, it is not uncommon to begin experiencing freezing temperatures during the

Mr. Thomas Sherman  
September 25, 1987  
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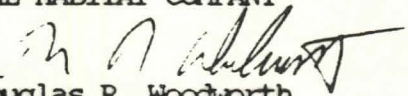
month of November and, therefore, we are rapidly running out of time to complete the winterization process.

We look forward to discussing this budget with you or the new liaison person at your earliest convenience so we may review the line items, fund the program, and commence work as quickly as possible.

We also need the final resolution on our ability to use McHugh Construction during the initial investigation phase and construction on the first 74 buildings. If we are unable to use McHugh Construction on a non-bid negotiated fee basis, we will need to immediately begin interviewing other contractors. We will also be contacting you soon with other specific waivers we are requesting.

Thank you again for your cooperation and assistance and we look forward to resolving these issues quickly and moving ahead for the successful completion of the program.

Sincerely,  
THE HABITAT COMPANY

  
Douglas R. Woodworth  
Executive Vice President

DRW:ml  
cc: Daniel E. Levin  
Alex Polikoff



SCATTERED SITE HOUSING  
IMMEDIATE CASH INFUSION PROJECTION  
FOR THE INITIAL PERIOD  
8/7/87 THROUGH 11/30/87

SCATFOUR  
06-Oct-87  
04:17 PM

THROUGH MAY 31, 1988

LABOR:	HOURS	HOURLY RATE	EXTENDED COST		HOURS	HOURLY RATE	EXTENDED COST	
EXECUTIVE SUPPORT:								
ACCOUNTING & FINANCE	150	\$75.00	\$ 11,250		1,000	\$75.00	\$ 75,000	
ADMINISTRATION	200	\$75.00	15,000	\$ 26,250	1,600	\$75.00	120,000	\$ 195,000
DEVELOPMENT COORDINATOR					1,600	\$75.00	120,000	
SECRETARIAL SUPPORT	200	\$20.00	4,000	4,000	1,600	\$20.00	32,000	32,000
CLERICAL SUPPORT	160	\$22.00	3,520	3,520	1,600	\$22.00	35,200	35,200
				33,770				262,200
LEGAL COSTS				25,000				100,000
SECURITY	74 BUILDINGS * \$1250.00			92,500	74 BUILDINGS * \$1500.00			111,000
SECURITY GUARDS (6 MEN)	1,200	20	24,000	24,000	9,600	20	192,000	192,000
TWO-WAY RADIOS (20 RADIOS)				15,000				15,000
ADMINISTRATIVE SUPPLIES				10,000				30,000
COMPUTER EQUIPMENT				5,000				10,000
VEHICLES				20,000				20,000
INSURANCE:								
PROPERTY INSURANCE			65,000				65,000	
LIABILITY 1ST MILLION			100,000				100,000	
LIABILITY 2ND MILLION			100,000				100,000	
UMBRELLA (\$8 MILLION EXCESS OF \$2 MILLION THREE YEAR PREMIUM - \$200,000 DEFERRED)			1,000,000	1,265,000			1,000,000	1,265,000
ADMINISTRATION OFFICE RENT				12,000				12,000
OTHER MISCELLANEOUS				20,000				40,000
				\$ 1,522,270				\$ 2,057,200
INITIAL PRECONSTRUCTION SITE INSPECTION COSTS:								
INSPECTION TEAM (two teams)	HOURS	RATE	EXTENDED COST					
MC HUGH REPRESENTATIVE	320	\$65	\$20,800					
ARCHITECT	320	\$65	20,800					
MECHANICAL/ELECTRICAL REPRESENTATIVE	320	\$65	20,800					
HABITAT REPRESENTATIVE	320	\$65	20,800					
				83,200				
SUBCONTRACTOR TEAM								
MC HUGH CONSTRUCTION MANAGERS	160	60	9,600					
MC HUGH ESTIMATORS	320	50	16,000					
PLUMBING SUB CONTRACTOR	160	50	8,000					
HVAC	160	50	8,000					
ELECTRICAL	160	50	8,000					
				49,600				
XEROXING OF FILES				5,000				
TOTAL PRECONSTRUCTION COST				137,800				137,600
CONTINGENCY (10% of estimated cost)				166,007				219,480
				\$1,826,077				\$2,414,280

MANAGEMENT AND RELOCATION OF TENANT OCCUPIED BUILDINGS

HEAD MAINTENANCE ENGINEER (ONE PERSON)	400	25	10,000	1,600	25	40,000	
MAINTENANCE ENGINEERS (TEN PEOPLE)	4,000	20	80,000	16,000	20	320,000	
RESIDENT MANAGER	400	50	20,000	1,600	50	80,000	440,000
			110,000				

WINTERIZATION OF ALL BUILDINGS			200,000			200,000	
FIELD OFFICE			10,000			10,000	
ADMINISTRATIVE EXPENSES			30,000			30,000	
OPERATING EXPENSES			75,000			75,000	
MAINTENANCE EXPENSES			30,000			30,000	
RELOCATION EXPENSES (40 TENANTS)			40,000			40,000	
MISCELLANEOUS EQUIPMENT AND SUPPLIES			20,000			20,000	

INITIAL MANAGEMENT AND MAINTENANCE BUDGET			515,000			845,000	
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\$ 2,341,077	\$ 3,259,280
=====	=====

CONSTRUCTION OF UNITS - PHASE I  
(21 BLDGS - 135 UNITS UNDER CONST.)

	UNIT COST	
HARD COSTS	55,000	7,425,000
PROJECT OPERATION ADMIN. COST	1,500	202,500
DEVELOPER ADMIN. COST	500	67,500
DEVELOPER'S FEE	3 %	228,825

7,923,825

CONSTRUCTION COSTS PHASE II  
(53 BUILDINGS - 237 UNITS AWAITING CONSTRUCTION)  
(INCLUDES PARTIALLY OCCUPIED BUILDINGS)

HARD COSTS	72,000	17,064,000
PROJECT OPERATION ADMIN. COST	5,065	1,200,405
DEVELOPER ADMIN. COST	2,547	603,639
DEVELOPER'S FEE	3 %	547,932

19,415,976

CONSTRUCTION COST

27,339,801

CONTINGENCY

3,037,960

TOTAL BUDGET

\$ 33,637,041  
=====