

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

DOROTHY GAUTREAUX, et al.,)	
)	
Plaintiffs,)	
)	No. 66 C 1459
v.)	66 C 1460
)	
SAMUEL R. PIERCE, et al.,)	Judge Marvin Aspen
)	
Defendants.)	

FIFTH STATUS REPORT OF RECEIVER

Maurice Jacobs
Timothy R. Conway
Greenberger, Krauss & Jacobs, Chartered
180 N. LaSalle Street
Suite 2700
Chicago, Illinois 60601
(312) 346-1300

THE CHA SCATTERED SITE

HOUSING PROGRAM

STATUS REPORT #5

Submitted by:

The Receiver

Daniel E. Levin and

The Habitat Company

Covering the Period January 1 thru March 31, 1988

April 11, 1988



April 11, 1988

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

SUMMARY

Since the Receiver's last report to the Court, substantial progress has been made with regard to the existing properties under control of the Receiver. HUD has approved of our Development Proposal for rehabilitation of the first 22 buildings.

A Development Proposal for the remaining properties, 56 buildings and 36 vacant land parcels, has been submitted to HUD and approval is expected in early April.

Mrs. Gertrude Jordan, the HUD Regional Administrator, and the entire HUD staff, have been extremely cooperative and helpful in expediting the processing of the two proposals.

Chronology of Events

January During the month of January the properties were secured, winterized, and cost estimates initiated. During the month meetings were held with several different individuals and groups involved in the development process, including HUD staff, CHA staff, neighborhood groups and area management specialists. HUD requirements for development of scattered site public housing were carefully researched.

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Scattered Site Program
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February During the month, architects and cost estimators surveyed the properties. The Receiver's staff worked on preparation of the Development Proposal.

A meeting was held with the Court on February 11, 1988. HUD and CHA representatives were present. The meeting helped to raise HUD's awareness and desire to cooperate in resolving some of the problems anticipated by the Receiver. As a follow up to the February 11 meeting, the Receiver and Attorney Polikoff met with Mrs. Jordan and key HUD staff on February 26, 1988. Mrs. Jordan pledged her staff's fullest cooperation and committed to process any materials submitted to HUD within 10 working days.

As a result of the meeting with Mrs. Jordan and her staff, there was mutual agreement on the revision of six major policies or procedures to be used in dealing with the Receiver's Scattered Site Program. A copy of the minutes of the meeting and the six agreed upon procedures are enclosed as Exhibit A.

March On March 2, 1988 the Receiver submitted to HUD the Development Proposal for the first 22 buildings (133 units). After the submission to HUD, there was close cooperation between the staff of HUD and the Receiver. Written approval of the proposal was received on March 22, 1988. The budget for these buildings is referred to as ACC 115. A copy of this approval is attached as Exhibit B and the latest time schedule based upon this approval is included as Exhibit C.

The Development Proposal for the remainder of the properties under control of the Receiver, 56 buildings and 36 vacant land parcels, was submitted on March 18, 1988. Approval is expected in mid April. This budget is referred to as ACC 116.

STAFFING

Based upon the development budgets approved or submitted for approval, the Receiver is assembling a development staff. We now have on staff the Director, Program Manager/Attorney, Accountant, Administrative

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Assistant, Secretary and Construction Manager. As the Program gets closer to the beginning of construction, we anticipate hiring additional personnel.

FINANCIAL SUMMARY

As of 3/31/88 the financial report is summarized below:

Approved Budget	\$2,345,000
Amount Received	\$1,416,778
Expenses Paid	\$ 995,767
Remaining Budget	\$1,349,233

The current fund balance is invested.

PROGRAM CONTINUATION

During the next quarter we plan to finalize a strategy for continuation of the Scattered Site Program with new development and/or acquisitions. Some discussions on the topic have been held to date. Additional research will be conducted before new policies and procedures are concluded. With the continued responsiveness of HUD personnel, there is every reason to continue to be optimistic about the approval of proposals for new development during the last three quarters of 1988. In order for this to happen, it will undoubtedly be necessary to have HUD grant additional waivers from their standard operating procedures.

An extension of the Agreement executed by the Receiver, HUD, and CHA dated November 27, 1987, is necessary since it expires May 27, 1988. A copy of the extension will be provided the Court as soon as it is executed.

We would be pleased to meet with you to discuss any aspect of this report.

PAH:ls
Attachments

EXHIBIT A

Minutes of Meeting at the Office of the Regional Administrator
U.S. Department of Housing and Urban Development
300 S. Wacker
23rd Floor
February 26, 1988, on or about 1:30 p.m.

Those in attendance were:

Mrs. Gertrude Jordan
Jim Zale
Lou Berra
Bobbie Ross
Eugene Goldfarb
Benny Relucio
Robert Renner
John Jenson, Esq.
Alex Polikoff, Esq.
Jan Elson, Esq.
Daniel E. Levin
Douglas R. Woodworth
Philip A. Hickman

The purpose of the meeting was to discuss the Receiver's Memorandum of February 22, 1988. This memorandum included the Receiver's Recommended Plan for six items affecting the processing of the Development Proposal for the 22 buildings on which CHA previously started rehab work. The agenda items and conclusion on each are below.

1. Prevailing Wages Paid by Architects

Conclusion. The requirement of prevailing wages paid to draftsmen, etc is statutory. HUD does not maintain a database for these classifications at this time. HUD will provide language suitable for an addendum to the Receiver/Architect Agreement in order that the Receiver and the architects will not be bound to conditions which are not known.

2. Advance funding of the rehab and administrative expenses

Conclusion. HUD-Chicago will make arrangements with Washington for advance payment, as is the current practice.

3. Total Development Cost Limits

Conclusion. The Regional Administrator can approve of total development cost up to 168% of prototype limits. If necessary, Mrs. Jordan will seek approval from Washington for higher levels.

4. Design and Construction Standards

Conclusion. MPS will not be applicable. Local codes and cost containment regulations will govern. No handicapped units will be required. Outline specifications and construction documents will be reviewed in 10 working days or less after submission by Receiver. Receiver shall provide HUD with construction documents as they are completed on a building by building basis.

5. Proposal Review and Time Schedule

Conclusion. HUD will review submissions and respond to Receiver within 10 working days from the date of submission by Receiver. Receiver shall alert HUD liaison of needs when timeframes are known in advance. If revisions are necessary, they can be made on documents without being resubmitted and reapproved, for example, prior to going to bid.

6. Prequalified Bidders List

Conclusion. Receiver shall advertise widely for contracting firms to present their credentials for consideration. Receiver shall evaluate contractors and select no less than seven (7) contractors thought to be qualified and then placed on a "Prequalified Bidders List". Criteria for the evaluation shall be reviewed in greater detail by HUD and Receiver staff.

Summarized by Philip Hickman
Copies sent to all attendees.
Please advise if any revisions are necessary.



U.S. Department of Housing and Urban Development

Chicago Office, Region V
 547 West Jackson Boulevard
 Chicago, Illinois 60606-5760

MAR 23 1988

Mr. Daniel E. Levin, Receiver
 CHA Public Housing Development Program
 % The Habitat Company
 405 N. Wabash Avenue
 Chicago, Illinois 60611

ATTENTION: Mr. Philip A. Hickman

Dear Mr. Levin:

SUBJECT: Public Housing Project IL06-P802-115
 Chicago, Illinois
 PHA Proposal Approval

This letter serves to hereby notify you of our approval of the PHA Proposal for IL06-P802-115, which will consist of 133 family units of conventional rehabilitation of attached walk-up units in 22 buildings, as noted below, with 5 one bedroom units, 87 two bedroom units and 41 three bedroom units.

1. Sites

The 22 sites are hereby approved. Fair Market Values have not been listed, since CHA already has title to all of the sites. The sites, with relevant environmental conditions are listed below:

<u>PROPERTY ADDRESS</u>	<u>TOTAL OF UNITS</u>	<u>CENSUS TRACT</u>
1. 3448 W. Belle Plaine (4200 N)	8	1605
2. 4623 N. Keystone (4000 N)	4	1405
3. 2115-17 W. Giddings (4800 N)	6	406
4. 1449 W. Winnemac (5000 N)	6	311
5. 2755 W. Giddings/4723 N. Virginia	9	407
6. 1616 W. Juneway (7800 N)	6	010
7. 4655 N. Malden (1300 W)	13	0317
8. 4228 N. Kimball (3400 W)	6	1605
9. 4936 N. Hamlin/3754 W. Eastwood	6	6812
10. 6951 N. Sheridan (1100 W)	6	104
Group A: 10 Buildings Sub. Total	70	

11. 1322 N. Cleveland (500 W)	3	804
12. 132 N. Pine (5600)	8	2519
13. 4047 N. Lavergne/4959 W. Belle Place	6	1502
14. 5148 W. Cornelia (3600 N)		1510
15. 1344 N. Ridgeway (3800 W)	6	2307
16. 223 N. Mayfield (5900 W)	6	2520
17. 2857 W. McClean (2100 N)		2213
18. 5600 S. Marshfield (1600 W)		6703
19. 7227 S. Harvard (400 W)		6812
20. 6439 S. Aberdeen (1200 W)	2	6810
21. 9116 S. Essex (2500 E)	6	4805
22. 7822 S. Essex (2500 E)	<u>6</u>	4313

Group B: 12 buildings Sub-Total 63

GRAND TOTAL 133

2. Architectural Contract

We approve the Standard Form of Agreement Between Owner and Architect, subject to the following revisions being made prior to execution by you.

- a. On Page 2, at II a, and on the Exhibit A, the contract calls for a flat fee per unit of \$2,800. The maximum per unit fee we will allow is \$2,500, but it may be billed as an hourly fee. This maximum per unit fee applies to costs incurred for the unit regardless of which project (114 or 115) is used to fund the fee.
- b. On Page 3, at 1.3, the references to Handbook Criteria, MPS, and Manual of Acceptable Practices have all been deleted. These should be reinserted. In addition, the following should be inserted after "Government"; "and the cost containment and Modest Design Requirements for the Development of Public Housing Notice, PLH 87-26 (PHA), dated September 21, 1987."

- c. On Page 3, at 1.4 the cost limitation of Project Prototype Cost has been deleted and a "construction cost determined by the Receiver" has been inserted "and approved by HUD." should be inserted after "Receiver."
- d. In Paragraph 1.20 the last sentence should be struck and the following standard language shall be inserted. "He shall also furnish certification as to compliance with the standards for Accessibility by the Physically Handicapped described in the criteria." As per our previous discussions we will be glad to consider a specific, written request with accompanying justification to waiver the handicapped requirements for this project.
- e. On Page 15, at 7.1 - The architect would be paid a retainer. This should be revised to provide for 10% for site review, 15% for schematics, 50% for construction drawings and the balance for construction inspection. Fees will be considered earned only when the relevant phase has been approved by HUD.
- f. On Page 15, at 7.4, additional costs are to be approved only by the Receiver. HUD should also be required to approved these costs.
- g. The United States Code, 42 USC 1437j requires that all contracts for loans, annual contributions, sale or lease contain a "prevailing wage" provision for architects, technical engineers, draftsmen and technicians. See Sec. 115 of Part II of the ACC. We believe Article 9, Provisions 9.1 and 9.2 should be reinserted. Provision 9.1 could be modified as follows:

The Architect and his agents agree to pay or cause to be paid to all architects, technical engineers, draftsmen, and technicians employed on any part of the work....., when determined or adopted (subsequent to a determination under applicable State or local laws) by the Government. After such determination has been made by the Government, the Architect shall furnish for payments made after the Architect has been informed of the determination, with each statement.....

Your cover letter could indicate that we are unaware of any government determination, do not expect one, and assume \$60 and \$40 to be more than adequate.

- h. On Page 17, Provision 9.5 has been modified. The conflict of interest limitations should apply to all the usual people plus people associated with the Receiver.
- i. At Page 19, Provision 9.9.5, too much has been deleted. The portion of the first sentence, "Compensation for services rendered shall be the actual payments authorized and due for services on the basis of a multiple of Direct Personnel Expense and for Reimbursable expenses.", should be reinserted. The last sentence should be reinserted also.

3. Budget

HUD cannot approve a budget until funds are first reserved for the project and an ACC executed. In order to promote progress, however, we are attaching a preliminary draft budget which can be used for planning purposes. A request for transfer of \$8,187,280 from project IL06-P002-096 to fund this budget has been forwarded to our Central Office. Please note that we anticipate adjusted line item 48, \$5,800,000 for dwelling construction, after bids have been received and evaluated for the proposed work.

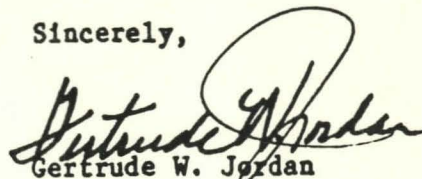
4. Relocation Benefits

Furnish this office assurances, clarification and/or information regarding the relocation of the five households pursuant to Handbook HUD 7417.1 REV. 1, Chapter 7, Section 12, paragraph 7-122b(1) and d(3). The households to be relocated are located at the following addresses:

4936 N. Hamlin
3754 W. Eastwood
1322 N. Cleveland
2857 W. McLean

Based upon previous discussions, we expect to receive your design and construction documents by May 17, 1988 so that we may approve them prior to your sending them out for bid. Should you have any questions regarding this matter, please contact your Multifamily Housing Representative, Eleanor Peyton, at (312) 353-6816.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gertrude W. Jordan". The signature is fluid and cursive, with a large loop at the end of the last name.

Gertrude W. Jordan
Regional Administrator-
Regional Housing Commissioner

Enclosure

CALCULATION OF RECEIVER'S FEE

12	1410.4 Legal expenses	\$20,000
14	1410.10 travel	\$26,700
15	1410.12 publications	\$1,200
16	1410.14 membership dues & fees	\$4,000
17	1410.16 telephone	\$6,000
18	1410.18 equip expended	\$6,700

34	TOTAL PLANNING	\$371,300
46	TOTAL SITE ACQUISITION	\$13,350
47	1450 SITE IMPROVEMENTS	1,074,000
48	1460 BUILDING CONSTRUCTION	\$5,680,250
	1465 BUILDING EQUIPMENT	\$112,000
	1495 RELOCATION	\$48,000
	INSURANCE	\$250,000
	UTILITIES	\$80,000

*** TOTAL ***** \$6,756,150

RECEIVER'S FEE (3%) \$202,685

• \$6,958,835

Recommended for Approval By: _____

Multifamily Representative

To be Approved By: _____

Housing Development Director

30	1430.6 permit fees	\$17,600	\$132
31	1430.8 Had Fee Inspect	\$0	\$0
32	1430.9 Housing surveys	\$0	\$0
33	1430.19 Misc plng costs	\$10,000	\$75
34	TOTAL PLANNING	\$374,300	\$2,814
SITE ACQUISITION			
35	1440.1 Property purchases	\$0	\$0

PUBLIC HOUSING DEVELOPMENT
DEVELOPMENT COST BUDGET / COST STATEMENT
FEE INKING FOR PLANNING PURPOSES ONLY

PUBLIC HOUSING AGENCY
CHA Receiver / Habitat

DEVELOPMENT TYPE
FAMILY ELDERLY TOTAL
103 133

PROJECT NUMBER
IL06-602-115

LOCALITY & PROJECT
Chicago, IL

HOUSING TYPE & PRODUCTION METHOD
Conventional Rehab

STATUS Development Program Budget

SUBPART 1 - BUDGET

LINE NO.	ACCOUNT CLASSIFICATION	LATEST APPROVED BUDGET	ACTUAL DEV. COST INCURRED TO	ACTUAL CONTRACT AMOUNT PAID/OWE	EST. COST TO COMPLETE	TOTAL DEVELOPMENT COST AMOUNT PER UNIT
36	1440.2 Condemnation Deposits			\$0	\$0	
37	1440.3 Egress Property			\$0	\$0	
38	1440.4 Surveys & Maps			\$3,800	\$19	
39	1440.5 Appraisals			\$0	\$0	
40	1440.6 Title Information			\$7,000	\$50	
41	1440.8 Legal Costs - site			\$0	\$0	
42	1440.10 Option Negotiations			\$0	\$0	
43	1440.12 Current Encumbrances			\$0	\$0	
44	1440.17 misc site costs			\$2,500	\$19	
45	1440.20 site net income			\$0	\$0	
46	TOTAL SITE ACQUISITION			\$13,300	\$100	
47	1450 SITE IMPROVEMENTS			\$124,000	\$934	
48	1460 DWELLING CONSTRUCTION			\$5,680,233	\$42,709	
49	1465 DWELLING EQUIPMENT			\$112,000	\$842	
50	1470 NONDWELLING CONSTRUCTION			\$0	\$0	
	NONDWELLING EQUIPMENT					
	1475.1 Office Furniture & Equip			\$0	\$0	
	1475.2 Maintenance Equip			\$0	\$0	
	1475.3 Comby Space Equip			\$0	\$0	
	1475.7 Auto Equip			\$0	\$0	
	1475.9 Expendable Equip			\$0	\$0	
51	1475 TOTAL NONDWELLING EQUIPMENT			\$0	\$0	
52	1480 CONTRACT WORK IN PROGRESS			\$0	\$0	
	1490 Receiver Fee			\$202,695	\$1,524	
53	1495 RELOCATION COSTS			\$43,000	\$361	
54	TOTAL (Includ Donations)			\$6,066,745	\$60,351	
55	Less Donations					
56	NET TOTAL COST			\$6,066,745	\$60,351	

PUBLIC HOUSING DEVELOPMENT
DEVELOPMENT COST BUDGET / COST STATEMENT PRELIMINARY - FOR PLANNING PURPOSES ONLY

PUBLIC HOUSING AGENCY
CHA Receiver / Habitat

LOCALITY OF PROJECT
Chicago, IL

STATUS Development Program Budget

HOUSING TYPE & PRODUCTION METHOD
Conventional Rehab

PROJECT NUMBER
IL06-602-115

DEVELOPING UNITS
FAMILY ELDERLY TOTAL
155 155

SUBPART I - BUDGET

LINE NO.	ACCOUNT CLASSIFICATION	LATEST APPROVED BUDGET	ACTUAL DEV. COST INCURRED TO	ACTUAL CONTRACT AMOUNT BALANCE	EST. ACTUAL TO COMPLETE	TOTAL DEVELOPMENT COST AMOUNT PER UNIT
3	1460 Dwelling Construction					\$0
4	1465 Dwelling Equipment					\$0
5	1470 Nondwelling Construction					\$0
6	1475 Nondwelling equipment					\$0
7	1430.1 Arch & Eng Svcs					\$0
8	Other					\$0
9	TOT DEVELOPER'S PRICE					
	PUBLIC HOUSING AGENCY COSTS					
	ADMINISTRATION					
10	1410.1 Nontechnical Salaries					\$7,090 \$53
11	1410.2 technical salaries					\$285,660 \$2,148
12	1410.4 Legal expenses					\$30,600 \$226
13	1410.9 Employee bnf contrib					\$100,637 \$757
14	1410.10 travel					\$26,200 \$197
15	1410.12 publications					\$1,200 \$9
16	1410.14 membership dues & fees					\$4,000 \$30
17	1410.16 telephone					\$6,000 \$45
18	1410.18 equip expended					\$6,700 \$50
19	1410.19 sundry					\$317,500 \$2,914
20	TOTAL ADMINISTRATION					\$854,977 \$6,428
21	1415 LIQUIDATED DAMAGES INTEREST					
22	1420.1 Interest to HUD					\$597,000 \$4,489
23	1420.2 Int on notes - Non-HUD					\$0 \$0
24	1420.3 Interest on bonds					\$0 \$0
25	1420.7 Int earned from investment					\$0 \$0
26	TOTAL INTEREST					\$597,000 \$4,489
27	1425 INITIAL OPER. CAPITAL					\$20,000 \$150
28	1430.1 Interest to HUD					

EXHIBIT C

PRE - CONSTRUCTION PLANNING SCHEDULE: PHASE I - ACC 115

ARCHITECT PREPARATION /HUD REVIEW/ BIDDING

	REVIEW W/ HABITAT	SUBMIT TO HUD	HUD APPROVAL
<u>ARCHITECT'S CONTRACT SIGNED:</u>	MARCH 23	MARCH 24	APRIL 8
<u>ARCHITECT'S PREPARE:</u>			
GENERIC SPEC GENERAL CONDITIONS SUPPLEMENTAL G.C. COMPLETED BY:	APRIL 12	APRIL 14	APRIL 29
<u>SITE REVIEW/PRELIMINARY REMODELING DOCUMENTS:</u>			
S & W - 5 BUILDING > KRUSE - 5 BUILDING >	APRIL 8	APRIL 11	APRIL 26
S & W - 6 BUILDING > KRUSE - 5 BUILDING >	APRIL 18	APRIL 20	MAY 5
<u>CONSTRUCTION DOCUMENTS:</u>			
S & W - 5 BUILDINGS > KRUSE - 5 BUILDINGS >	MAY 2	MAY 3	MAY 18
S & W - 6 BUILDINGS > KRUSE - 5 BUILDINGS >	MAY 6	MAY 9	MAY 24
FINAL REVISION PRIOR TO BID	MAY 25		
<u>SUBMIT TO CITY OF CHICAGO FOR PERMIT APPROVAL:</u>	MAY 26		
<u>ADVERTISE FOR CONSTRUCTION BIDS:</u>	MAY 26		
<u>OPEN BIDS:</u>	JUNE 27		
<u>AWARD CONSTRUCTION CONTRACT:</u>		JUNE 28	JULY 12

3/23/88 PAH

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

DOROTHY GAUTREAUX, et al.,)	
)	
Plaintiffs,)	
)	No. 66 C 1459
v.)	66 C 1460
)	
SAMUEL R. PIERCE, et al.,)	Judge Marvin Aspen
)	
Defendants.)	

NOTICE OF FILING

To: All Counsel on the Attached Service List

PLEASE TAKE NOTICE that on April 12, 1988 we filed with the Clerk of the Court on behalf of Daniel E. Levin and The Habitat Company, jointly as Receiver, the Fifth Status Report of the Receiver, a copy of which is attached hereto and hereby served upon you.



One of the Receiver's Attorneys

Maurice Jacobs
Timothy R. Conway
Greenberger, Krauss & Jacobs, Chartered
180 N. LaSalle Street
Suite 2700
Chicago, Illinois 60601
(312) 346-1300

CERTIFICATE OF SERVICE

Joyce L. Leshner, a non-attorney, on oath states that she caused a copy of the foregoing Fourth Status Report of the Receiver to be served upon all parties on the attached Service List, by mail, this 12th day of April, 1988.

Joyce L. Leshner

Subscribed and Sworn to
before me this 12th
day of April, 1988.

Kathleen S. Bass
Notary Public

SERVICE LIST

Gershon M. Ratner
Joseph W. Lobue
Dept. of Housing and
Urban Development
451 Seventh Street, S.W.
Room 10258
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John Jensen
Regional Office of
Housing and Urban Development
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Chicago, Illinois 60606

Roger Pascal
Aaron J. Kramer
Charles H.R. Peters
Schiff, Hardin & Waite
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James Thomas
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Judson Minor
City of Chicago
City Hall, Room 610
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Alexander Polikoff
John Hammell
Business and Professional People
for the Public Interest
109 N. Dearborn Street
Chicago, Illinois 60602