

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

DOROTHY GAUTREAUX, et al.,

Plaintiffs,

vs.

**The CHICAGO HOUSING AUTHORITY ("CHA"), an
Illinois Municipal Corporation,**

Defendant.

JURY DEMAND

No. 66 C 1459

Hon. Marvin Aspen

**CONCERNED RESIDENTS OF ABLA ("CRA"),
CAROLYN NANCE, WANDRA STIMAGE,
LATONYA WILLETT, and LORREE BROWN
on behalf of themselves,
NONA YOUNG, FERRELL FREEMAN,
KIZZIE JOHNSON, and HERVENE GLASS on behalf
of themselves and all others
similarly situated,**

Intervenor-Plaintiffs,

vs.

**The CHICAGO HOUSING AUTHORITY ("CHA"),
an Illinois Municipal Corporation; TERRY PETERSON,
In His Official Capacity as Chief Executive Officer of
the CHA; The UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT ("HUD");
ALPHONSO JACKSON, In His Official Capacity as
Secretary of HUD; DANIEL E. LEVIN and
The HABITAT COMPANY, jointly,
as Gautreaux Receiver,**

Intervenor-Defendants.

FIRST AMENDED INTERVENORS' COMPLAINT

I. PRELIMINARY STATEMENT

1. This class action is brought to redress the harm to current, former, and potential future residents of the Addams, Brooks, Loomis, and Abbott ("ABLA") public housing development located directly southwest of Chicago's Near West Side. Surrounded by the gentrified University Village community, University of Illinois at Chicago, and the Illinois Medical District, the ABLA development and the families who have lived there stand in the way of "progress."

2. In the early 1990's, the Defendants, using \$59.5 million of HUD money, developed a plan with the Gautreaux Receiver to create "mixed-income" housing where, at least on paper, poor, moderate income, and wealthy families would live side-by-side in one community. In order to create a "successful" mixed-income community, Defendants claimed that not one more unit of public housing could be built and that most of the wealthy housing had to be placed on the northern, gentrifying side of Roosevelt Road.

3. To accomplish this goal, Defendants agreed to destroy almost 3,000 homes needed by ABLA's very low-income Chicagoans and to displace hundreds of ABLA families, most of whom are African-American women and children.

4. In their place, wealthy, white families in the boom of the luxury housing market moved into the ABLA neighborhood.

5. Under the Defendants' mixed-income housing plan, the wealth and whiteness of the neighborhood will only grow. When this transformation is complete, over 70 percent of the new homes will be available to higher-income, likely white families. Because the plan fails to build units adequate to house them, larger families will be unable to return to ABLA.

6. As the Defendants' mixed-income housing plan combines with the market strength of the surrounding neighborhood, less than 11% of the homes in this burgeoning west side community will be affordable to former or current ABLA families.

7. In spite of the Defendants' pronouncements, few public housing residents will live next door to wealthy families. Instead, nearly 80% of these predominately African-American families

will live in one census tract on the African-American south side of Roosevelt Road – away from the gentrified and predominately white areas north of Roosevelt Road.

8. Defendants' plans will not promote integration. Quite to the contrary, the plan will further highlight the gross disparities of wealth, poverty, and race already apparent at ABLA. If the Redevelopment Plan proceeds unchanged, ABLA will become one of the wealthiest, most segregated HOPE VI developments in the country. Land supposedly held in the public trust for poor families will now be used to house some of the wealthiest Chicagoans.

9. Defendants' claim that it is financially impossible to construct more public housing at ABLA is likewise untrue. Rather, when selecting a Master Developer, Defendants ensured that the number of public housing units constructed would never be greater than the minimum number of units approved by this Court. If the Defendants had asked developers to prioritize maximizing the number of public housing units, interested developers would have submitted proposals with a greater number of public housing units.

10. The master developer, LR Development Company, who will build the minimum number of public housing units approved by this Court, plans to begin construction in Spring 2004, ending in Spring 2012.

11. This suit has been filed because all reasonable steps short of litigation have failed. The sad fact is that less discriminatory means of consolidating, repairing and replacing the public housing units at ABLA are available to the Defendants. Shamefully, these public agencies and this Court's Receiver, mandated to use public money to reduce racial segregation, have conceived a plan which fails to alleviate the blight of segregation for these very poor, African-American, female-headed households and in fact reinforces and perpetuates segregation through the Redevelopment Plan.

12. The ABLA Intervenor-Plaintiffs (Plaintiffs) are seeking to have the Court protect them by forcing these public agencies and this Court's Receiver to do what the law requires— create a plan that provides the maximum amount of viable integrated housing for very low-income families.

See, § VI, infra. Despite statutes and regulations requiring such conduct, Defendants have failed

to do this and have taken numerous actions in direct violation of federal housing and civil rights laws.

13. The present plan is a separate and unequal, arbitrary and capricious, irrational abuse of power. Fathered in secret, foisted on the Court, trumpeted as preliminary, and protected by a cabal, the ABLA Redevelopment Plan must finally and belatedly be subjected to appropriate and necessary judicial scrutiny in a contested proceeding.

II. JURISDICTION AND VENUE

14. This court has jurisdiction over Plaintiffs' claims under 28 U.S.C. §§ 1331 (federal question), 1343 (civil rights), and 42 U.S.C. § 3613 (fair housing). Venue is proper in this judicial district under 28 U.S.C. § 1391(b).

III. JURY DEMAND

15. Plaintiffs demand trial by jury on each and every claim to which they are so entitled.

IV. PARTIES

The Plaintiffs

The Concerned Residents of ABLA

16. The Concerned Residents of ABLA ("CRA") is an association of former and current residents of the ABLA public housing development. CRA is incorporated as an Illinois non-profit organization. CRA's mission is to act as an advocate for former and current ABLA residents in the residents' efforts to protect their rights as tenants of the CHA, to stimulate self-determination for the residents, and to encourage all former and current ABLA residents to become responsible citizens of the community. CRA also seeks to represent the best interests of all former and current ABLA residents. All former and current ABLA residents are eligible to join CRA and to participate in CRA activities.

17. ABLA residents formed CRA in the fall of 1996 when it became clear to them that CHA had plans to tear down much of ABLA and to relocate many ABLA families. CRA was concerned that tenants' rights would not be upheld in this process, specifically, that ABLA tenants would not be able to live in the new replacement housing being built at ABLA.

Individual Residents of ABLA

18. Carolyn Nance is an African-American female who lives at 846 S. Lytle in Jane Addams. She has lived in Jane Addams for almost 14 years and would like to stay there. Ms. Nance wants to live in an integrated ABLA community and enjoy the benefits of interracial association. Ms. Nance is President of CRA.

19. Wandra Stimage is an African-American female who lived with her children from the early 1990's until January 1997 in a 16-story high-rise building at 1239 S. Racine. In January 1997, her apartment became uninhabitable due to CHA's failure to provide heat, which caused pipes to burst and flooding. CHA subsequently moved Ms. Stimage and her family into an adjacent 16-story high-rise building at 1111 W. Roosevelt. When that high-rise was demolished in late 2001, CHA moved Ms. Stimage to a 15-story high rise in the Brooks Extension. Almost one year later, CHA moved Ms. Stimage to a low-rise unit at 1442 South Blue Island in the Grace Abbott Homes. Ms. Stimage and her six children need a five-bedroom unit. Ms. Stimage wants to remain at ABLA, though there are no units at the future development that could accommodate her family. Ultimately, Ms. Stimage would like to live in an integrated ABLA community and enjoy the benefits of interracial association. Ms. Stimage is a member of CRA.

20. Ferrell Freeman is an African-American female. For over 40 years, Ms. Freeman lived in the Jane Addams portion of ABLA. Prior to her relocation south of Roosevelt Road in June 1997, Ms. Freeman lived for twenty-five years in a low-rise three-story walk-up apartment building located at 1328 W. Taylor Street. In October 1996, CHA informed Ms. Freeman that the municipal building court had issued a vacate order for her building, which order had been agreed to by CHA, and that she had six (6) days to move or face being set out of her unit. After she contested the unlawfully short notice, CHA eventually relocated Ms. Freeman to 1433 W. 13th Street, a 15-story high-rise in Grace Abbott Homes, an ABLA sub-development located south of Roosevelt Road. In December 2002, Ms. Freeman, in fear of the increasing crime and deteriorating condition of her high-rise building, left her home to temporarily live with her son and informed CHA as such. Ms. Freeman wants to return to the revitalized Jane Addams

community if it is an integrated community where she can enjoy the benefits of interracial association. Ms. Freeman holds the office of Secretary for CRA.

21. Nona Young is an African-American female who lived at 840 S. Lytle in Jane Addams. For years Ms. Young complained to CHA about the severe damage caused to her apartment by chronic water leakage through the roof. CHA never made anything other than cosmetic repairs. Rather, in November 1999, due to the deteriorating conditions, CHA forced Ms. Young and others to vacate the building. CHA encouraged Ms. Young to move to another public housing development far from ABLA. Eventually Ms. Young, due to the deteriorating condition of her ABLA apartment, was forced to relocate into other housing on the West Side. At that time, CHA refused to provide Ms. Young with a Housing Choice Voucher or other relocation assistance. Ms. Young would like to return to the revitalized Jane Addams community if it is an integrated community where she can enjoy the benefits of interracial association. Ms. Young is a member of CRA.

22. Kizzie Johnson is an African-American female who grew up in ABLA and lived with her children at 1111 W. Roosevelt until late 1997. At that time, 1111 W. Roosevelt was deteriorating to the point of being uninhabitable. As a result, CHA vacated the building and offered Ms. Johnson a Housing Choice Voucher. In December 1997 Ms. Johnson left ABLA with a voucher because she was afraid to stay in one of the unsafe high rises. As Ms. Johnson was leaving ABLA, CHA assured her that the first families to leave ABLA would also be the first to return if ABLA were ever redeveloped. Ms. Johnson would like to return to ABLA if it is an integrated community where she can enjoy the benefits of interracial association.

23. Hervene Glass is an African-American female who lived with her family in Jane Addams for 22 years. In 1996, due to the deteriorating state of the building, CHA forced Ms. Glass and others to leave their homes. At that time, CHA never offered Ms. Glass a Housing Choice Voucher or an opportunity to return to Jane Addams after revitalization. Rather CHA told Ms. Glass she would have to move to one of the high-rise buildings south of Roosevelt Road. However, in fear of increasing crime south of Roosevelt Road and the deplorable state of the

buildings, Ms. Glass and her children temporarily left Addams to live with her parents. Two years later, Ms. Glass was finally able to find her own apartment for her family, though she pays private-market rent which is a high percentage of her family's income. Ms. Glass wants to return to the revitalized Jane Addams community if it is an integrated community where she can enjoy the benefits of interracial association.

CHA Waiting List Plaintiffs

24. Latonya Willett is an African-American female who lives with her husband and two minor children. She applied for CHA housing approximately seven years ago. Since that time Ms. Willett's family has lived in two different apartments, and in each case has had difficulty paying the private market rents which are a high percentage of her family's income. Ms. Willett has no foreseeable prospect of affordable housing and would like to live in a new or rehabilitated unit at ABLA if it is an integrated community where she can enjoy the benefits of interracial association.

25. Lorree Brown is an African-American female with four minor children. She applied for CHA housing approximately ten years ago. Since that time Ms. Brown's family has lived in numerous apartments, and in each case has had difficulty paying the private market rents which are a high percentage of her income. Ms. Brown has no foreseeable prospect of affordable housing and would like to live in a new or rehabilitated unit at ABLA if it is in an integrated community where she can enjoy the benefits of interracial association.

The CHA Defendants

26. Defendant CHA is an Illinois municipal corporation, created and existing under the Illinois Housing Authorities Act, 310 ILCS 10/1 et seq. The CHA is a Public Housing Agency within the meaning of 42 U.S.C. § 1437 and administers federally subsidized and assisted low-rent housing as authorized by the United States Housing Act ("USHA"). See § IV.A., infra.

27. Defendant Terry Peterson is the Chief Executive Officer of the CHA. He is charged with establishing and administering the policies of the CHA, including those related to the daily operation, administration, and maintenance of all public housing in the City of Chicago.

28. The ABLA public housing development is owned and managed by the CHA defendants.

The Federal Defendants

29. Defendant HUD is the federal agency charged with administration and enforcement of the United States Housing Act and of federal laws and contracts relating to the operation, administration, maintenance, rehabilitation and demolition of public housing projects.

30. Defendant Alphonso Jackson is the Secretary of HUD, and, as such, is charged with the administration and enforcement of all functions, powers and duties of HUD, including those relating to the public housing programs.

The Receiver Defendant

31. Defendants Daniel E. Levin and the Habitat Company were appointed jointly by this Court in 1987 as Receiver for CHA with the responsibility "to develop and administer the scattered site program as effectively and efficiently as possible." Order, August 14, 1987, at ¶ 1, a copy of which is attached hereto as Exhibit A. The Receiver was authorized to exercise "all powers of CHA respecting the scattered site program," including, but not limited to, construction of dwelling units "in compliance with applicable laws and ordinances." *Id.* at ¶ 2. The Court interpreted the scattered site program to include all CHA non-elderly public housing development programs authorized by HUD during the pendency of *Gautreaux*. *Id.* at ¶ C.

32. This Court's order appointing the Receiver did not preclude any party "from asserting any claims against the Receiver or any other party hereto for any matter in connection with the scattered site program or otherwise," although the order did not constitute a waiver of any defense which the Receiver may have to any such claim. *Id.* at ¶ 9. However, the defense of judicial immunity is not available to the Receiver here, as the Receiver acted outside of the scope of his official duties in recommending and approving a Revitalization Plan that violates the federal fair housing laws.

V. Class Action Allegations

33. Plaintiffs Nona Young, Ferrell Freeman, Kizzie Johnson, and Hervene Glass bring this action on behalf of themselves and, pursuant to Fed. R. Civ. P. 23(a) and (b)(2), on behalf of all

persons similarly situated. The Plaintiff class is defined as: all persons who, on or after August 1, 1995, resided in and subsequently moved out of the ABLA development who would like to return to the ABLA development.

34. **Numerosity.** The class is so numerous that joinder of all members is impractical. Upon information and belief, it is comprised of approximately 1,500 displaced ABLA families.

35. **Commonality.** There are questions of law and fact common to the class as a whole.

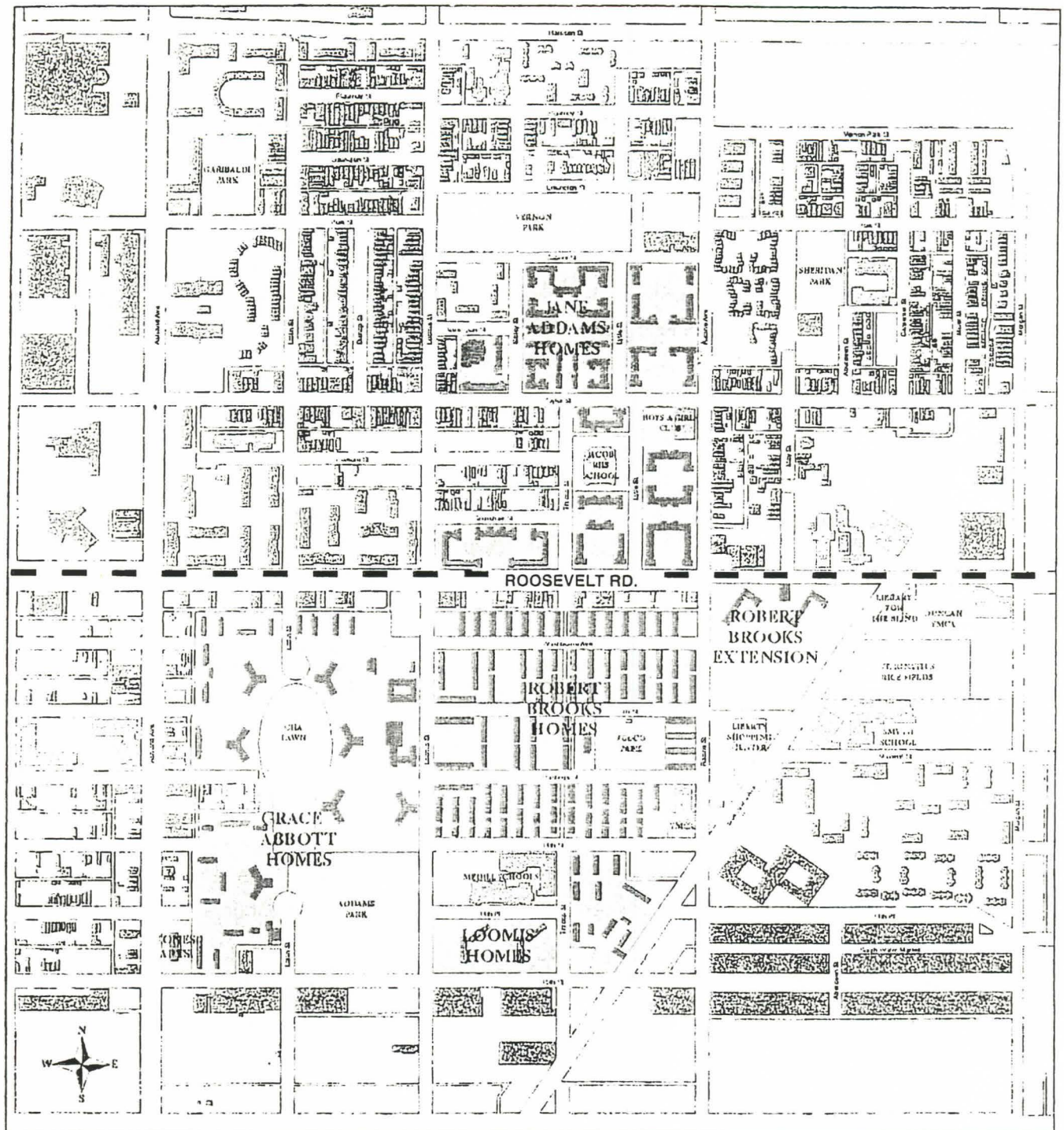
- a. Have the Defendants created a redevelopment plan for ABLA which has an adverse disparate impact upon African-Americans, women, and families with children, in violation of the Fair Housing Act?
- b. Have the Defendants created a redevelopment plan for ABLA which denies Plaintiffs the opportunity to live in a racially integrated neighborhood in violation of the Fair Housing Act?
- c. Have the Defendants created a redevelopment plan for ABLA which will exacerbate and perpetuate racial segregation within the ABLA development in violation of the Fair Housing Act?
- d. Have the Defendants failed to affirmatively further fair housing, in violation of the Fair Housing Act, Executive Orders 111063 and 12892, and the Quality Housing Work Responsibility Act of 1998?
- e. Have the Defendants failed to relocate displaced ABLA tenants to decent, safe, and affordable housing which is, to the maximum extent practicable, housing of their choice in violation of the United States Housing Act?
- f. Have the Defendants created and approved a plan which failed to provide within the same community comparable replacement dwellings for the same number of occupants as could have been housed in the 2,992 occupied and vacant occupiable very low-income and low-income dwelling units demolished in violation of the Housing and Community Development Act?

- g. Have the Defendants created and approved a plan which failed to guarantee that 2,992 comparable replacement dwellings in the community remain affordable to persons of low and moderate income for 10 years from the date of initial occupancy and fails to provide compensation sufficient to insure that, for a five-year period, the families will not bear, after relocation, a ratio of shelter costs to income that exceeds 30% in violation of the Housing and Community Development Act?
 - h. Have the Federal Defendants, in approving the CHA Defendants' plans for ABLA, taken actions that were arbitrary and capricious, an abuse of discretion, not in accordance with the law, in excess of statutory authority and without observance of procedures required by law in violation of the Administrative Procedure Act?
36. The Defendants have acted and refused to act on grounds generally applicable to the Plaintiff class, thus making appropriate final injunctive and declaratory relief with respect to the class as a whole.
37. **Typicality.** The claims of Plaintiffs Young, Freeman, Johnson, and Glass are typical of the claims of the class, and the class representatives and their counsel will fairly and adequately protect the interests of the class.

VI. STATEMENT OF FACTS

A. The ABLA Public Housing Development

38. ABLA is a family public housing development located on 100.5 acres of land on both the north and south sides of Roosevelt Road, between Blue Island Avenue on the east and Ashland Avenue on the west, in the Near West Side of Chicago. It originally consisted of four different sub-developments containing 3596 units: Jane Addams Homes (located north of Roosevelt Road), and Robert Brooks Homes, Brooks Extension, Loomis Courts, and Grace Abbott Homes (all located south of Roosevelt Road). See ABLA Site Plan on the following page 9A.
39. Approximately 99% of the residents at ABLA are African-American. Approximately 82% of the residents at ABLA are female, and 48% of the residents are under 18 years of age.



ABLA BEFORE REDEVELOPMENT

Existing Conditions
June 1998

- Existing CHA Housing
- CHA Property

40. The average ABLA household size is 2.7 persons. The median annual family income at ABLA is \$6,540. For 2004, the area median income ("AMI") in Chicago for a comparable family (i.e., three persons) is \$69,600.

41. Under HUD's public housing eligibility guidelines, virtually all of the families who reside in ABLA qualify as "very low-income" households, and all of the housing in ABLA was categorized as "very low-income" housing.

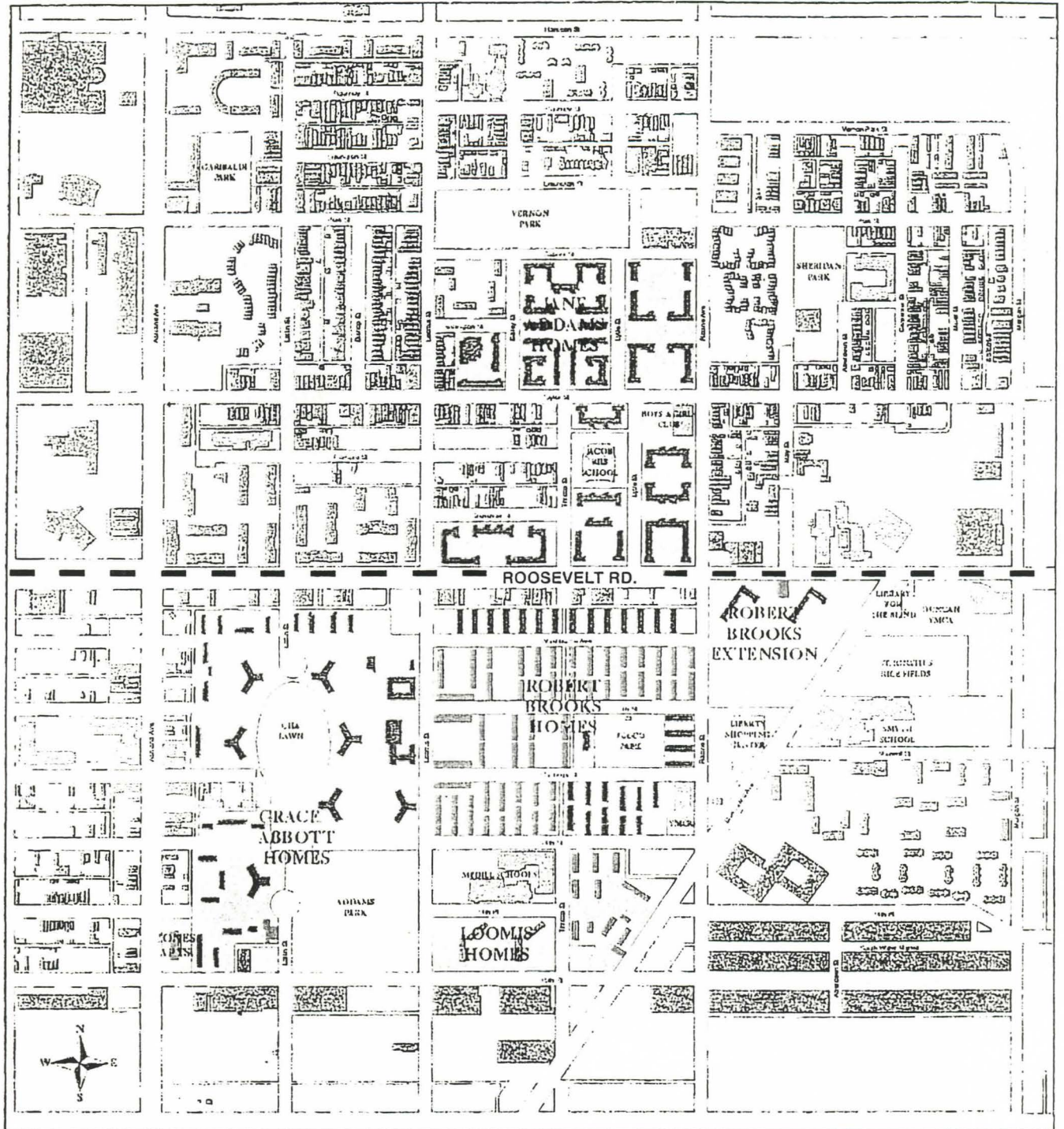
B. Defendants' Redevelopment Plan for the ABLA Public Housing Development

42. Through a combination of demolition, rehabilitation, and new construction, Defendants intend to reduce the number of very low-income public housing units at ABLA from 3,596 units to 1,084 units—a 70% reduction in housing available to very low-income families. See ABLA Demolition Plan on the following page 10A.

43. Since 1995, the CHA has been preparing for the redevelopment by consolidating, vacating and demolishing ABLA's existing buildings and in turn displacing nearly 66% of ABLA's residents.

44. This massive elimination of public housing units will be undertaken by the Defendants as an "urban revitalization demonstration program" under the HOPE VI program. The CHA Defendants have detailed their plans to "revitalize" ABLA in three separate HOPE VI applications (i.e., 1996, 1997 and 1998), as a result of which they have received HUD approvals for \$59.5 million in federal funds, with over \$46 million available for housing development use.

45. As part of their approval of the redevelopment plan, the Federal Defendants have also provided the City of Chicago with HOME funds pursuant to 42 U.S.C. § 12721 et seq., and the CHA defendants will fund in part the implementation of the ABLA Redevelopment Plan with monies received through the HOME program. The CHA intends to combine these federal HOPE VI and HOME funds with over \$500 million in funds from the city, private developers, and federal tax credits. See June 17, 2002 RFP for ABLA Master Developer, attached hereto at Exhibit B.






ABLA AFTER REDEVELOPMENT

1998 HOPE VI Application

Chicago Housing Authority

Proposed Buildings for Demolition

June 1998

-  Proposed buildings for demolition
-  Proposed buildings to be retained
-  CHA Property

46. In November 2002, the ABLA Working Group, the decision-making body which includes the CHA, City of Chicago Department of Housing, City of Chicago Department of Planning and Development, the Gautreaux Plaintiffs, the Gautreaux Receiver, Chicago City Council Officials, the University of Illinois at Chicago and the Illinois Medical District, and the tenant Local Advisory Council, selected LR as the master developer.

47. Under the Defendants' Redevelopment Plan, 2,441 units of housing will be constructed on public housing land at ABLA, of which:

- a. 40% (966) will be market rate units sold to families with incomes exceeding 120% of the AMI (over \$83,520 for a family of three);
- b. 29% (720) will be low and moderate income units sold or rented to families with incomes between 50% and 120% of AMI (between \$34,800 and \$83,520 for a family of three), including 50 homeownership units Defendants claim are available to "CHA residents at 50% of AMI"; and
- c. Only 31% (755) will be very low-income units rented to families with incomes at or below 50% of AMI (under \$34,800).
- d. Only one-, two-, three-, and four-bedroom units will be built at ABLA. Nearly two-thirds of the units will be one-bedroom and two-bedroom apartments. Only 18% of the apartments will be three-bedroom units and a mere 13% will be four-bedroom units.
- e. When determining the distribution of these new units within the mixed-income design, Defendants failed to consider the Brooks Homes and Loomis Courts. As is detailed further below, the failure to include Brooks and Loomis is a fatal error in the Defendants' plan, leading to a gross imbalance of wealth and poverty and perpetuation of segregation of poor, predominately African-American families.

1. North of Roosevelt Road

48. Defendants' plans will most severely impact the Jane Addams Homes located north of Roosevelt Road. Surrounded by the gentrifying communities of Little Italy and University Village, as well as the Illinois Medical District and the University of Illinois at Chicago, Addams provides Defendants with the best opportunity to offer truly integrated, mixed-income housing.

49. While the census tract containing Jane Addams is majority African-American (56.4%), four of the five adjoining census tracts are already majority white.

50. In 1995, there were 32 buildings comprised of walk-ups and townhomes at Jane Addams, providing 987 units, occupied exclusively by very low-income families. As of 2004, only 10 walk-ups and 6 townhomes remain. Under Defendants' plans, all of these very low-income units will be demolished. In their place, LR will build 679 units, with nearly 70% of these new units reserved for affordable and market rate families.

51. In spite of the influx of wealthy, predominately white families into the Addams community, the Defendants' HOPE VI/HOME plans call for the majority of Jane Addams residents to be moved south of Roosevelt Road. In a 1997 HOPE VI filing with HUD, the CHA explicitly stated that federal funds were being sought to demolish Jane Addams and to concentrate on-site replacement housing for Addams residents south of Roosevelt Road. In fact, the CHA has already relocated many Addams residents south of Roosevelt Road.

52. Since 1995, the CHA has engaged in a conscious policy of displacing Addams residents by allowing their units to deteriorate to the point of being nearly or actually uninhabitable. The CHA has allowed and encouraged uninhabitable conditions and then used these same poor building conditions as a reason to vacate and/or demolish Addams units. In April 1997, 567 families lived at Jane Addams; by April 1998, approximately 430 families lived there; by September 2002, 201 families lived there; and by July 2003 only 57 families were left. These actions constitute de facto relocation and demolition, an emptying out of Addams without complying with the requirements of the USHA.

53. The Defendants have failed to provide Jane Addams residents with their choice of replacement housing, as required by Section 18 of the USHA, and failed to provide sufficient replacement units as required by the HOME Program.

54. CHA's intra-development relocation of Jane Addams residents has led to the perpetuation and exacerbation of residential racial segregation as Addams tenants have been, and continue to be, relocated to the predominantly African-American ABLA community south of Roosevelt Road.

2. South of Roosevelt Road

55. The Robert Brooks Homes, Grace Abbott Homes, Loomis Courts, and the Brooks Extension lie south of Roosevelt Road. Under the ABLA Redevelopment Plan, the Defendants will demolish a total 2,005 units south of Roosevelt Road and construct 1,762 units in their place, of which 542 will be public housing units.

56. Until 2001, the Brooks Extension sat in a triangular area south of Roosevelt Road and between Blue Island Avenue and Racine Avenue. See ABLA Site Plan, supra. Until 1998, the Brooks Extension consisted of three high-rise buildings. From 1998 until 2001, the CHA Defendants vacated and demolished the three buildings, for a total loss of 450 units.

57. Since 1995, the CHA has engaged in a conscious policy of displacing residents at Brooks Extension by allowing their units to deteriorate to the point of being nearly or actually uninhabitable. The CHA has allowed and encouraged uninhabitable conditions and then used these same poor building conditions as a reason to vacate and/or demolish Brooks Extension units. These actions constitute de facto relocation and demolition, an emptying out of Brooks Extension without complying with the requirements of the USHA.

58. The Defendants have failed to provide former Brooks Extension residents with their choice of replacement housing as required by Section 18 of the USHA and failed to provide sufficient replacement housing as required by the HOME Program.

59. CHA's intra-development relocation of Brooks Extensions residents has led and will lead to the perpetuation and exacerbation of residential racial segregation as Brooks Extensions

tenants have been and will continue to be relocated to predominantly African-American communities south of Roosevelt Road.

60. In 1995, Grace Abbott Homes was comprised of several rowhouses and seven 15-story high-rises, containing 1198 units. Located south of Roosevelt Road, the area was severely racially segregated. According to the 2000 Census, approximately 97% of the residents of the census tract where Abbott buildings were located were African-American.

61. Since 2001, the Defendants have demolished four of the seven Abbott high-rises. The three remaining high-rises, including a newly rehabilitated building at 1440 West 13th Street, will soon be demolished. At least 1,180 units of public housing will therefore be lost.

62. Since 1995, the CHA has engaged in a conscious policy of displacing residents at Abbott by allowing their units to deteriorate to the point of being nearly or actually uninhabitable. The CHA has allowed and encouraged uninhabitable conditions and then used these same poor building conditions as a reason to vacate and/or demolish Abbott units. These actions constitute de facto relocation and demolition, an emptying out of Abbott without complying with the requirements of the USHA.

63. The Defendants have failed to provide former Abbott residents with their choice of replacement housing as required by Section 18 of the USHA and failed to provide sufficient replacement housing as required by the HOME Program.

64. CHA's intra-development relocation of Abbott residents has led and will lead to the perpetuation and exacerbation of residential racial segregation as Abbott tenants have been and will continue to be relocated to the predominantly African-American ABLA community south of Roosevelt Road.

65. In 2000, the Defendants completed a \$45 million renovation of the Brooks Homes, reducing it from 89 buildings (with 835 units) to a total of 44 buildings (with 329 rehabbed units). Only very low-income, African-American families live at Brooks Homes. Under the Defendants' plans, these families will remain, and Brooks will stay exclusively public housing.

66. CHA's intra-development relocation of Brooks residents has led and will lead to the perpetuation and exacerbation of residential racial segregation as Brooks tenants have been and will continue to be relocated to predominantly African-American communities south of Roosevelt Road.

67. For those former Brooks residents who did not receive a rehabilitated unit at the Brooks Homes, the Defendants have failed to provide them with their choice of replacement housing as required by Section 18 of the USHA and sufficient replacement housing as required by the HOME program.

68. All 126 units at Loomis will be rehabilitated. These units are reserved as "affordable," available to families earning between 50% to 120% of the AMI, meaning few very low-income, African-American residents will be eligible to return to Loomis. Even those residents who do secure a unit will be isolated south of Roosevelt Road.

69. The Defendants have failed to provide Loomis residents with sufficient replacement housing as required by the HOME Program.

70. CHA's intra-development relocation of Loomis residents will lead to the perpetuation and exacerbation of residential racial segregation as Loomis tenants have been and will continue to be relocated to predominantly African-American communities south of Roosevelt Road.

71. The Federal Defendants, in spite of the plan's resegregative effect, approved the redevelopment plan.

C. Research Demonstrates That Defendants Could Provide More Very Low-Income Housing and that the Current Plan Causes Intra-Development Segregation

72. Defendants claim that the ABLA Redevelopment Plan already provides the maximum number of units possible for very low-income families. Defendants contend that providing even one more unit for low-income families will destroy the mixed-income balance and prevent the sale of the market rate units.

73. However, researchers have analyzed the plan in light of the 2000 United States Census, current market data, similar HOPE VI projects, and other data. This research refutes Defendants' claims that no additional very low-income housing could be provided in the revitalized ABLA community. The research also identifies serious flaws in the redevelopment plan if it intends to achieve its stated goal of creating a successful mixed-income community. Researchers conclude that if the current plan is carried out, the future ABLA neighborhood will be a fragmented community made up of predominately wealthy, white families with a "pocket" of isolated, poor African-American families concentrated south of Roosevelt Road. In light of this research, this plan fails to achieve integration, perpetuates segregation, and fails to provide sufficient housing for the ABLA families.

Nathalie M. Voorhees Center Study

74. In April 2004, Professor Patricia A. Wright, Director of the University of Illinois at Chicago Nathalie M. Voorhees Center for Neighborhood and Community Improvement completed the study "An Analysis of the ABLA Neighborhood Area: Shifts and Trends in Population, Race, Income, Housing Units and Value," a copy of which is attached hereto at Exhibit C. The study analyzed approximately one square mile, including and surrounding the ABLA public housing development (ABLA neighborhood), the community's redevelopment and transition from 1990 until now, and the anticipated change of the neighborhood as a result of the Chicago Housing Authority's redevelopment plan for the ABLA public housing development.

- a. Since 1990, the ABLA neighborhood, particularly the community north of Roosevelt Road, has rapidly gentrified and the poverty rate of families (from 51% to 31%), the number of families (26% decline), and the population as whole (from 54% to 41%) has greatly declined. As the poverty rate has declined, so has the number of African-American families. From 1990 to 2000, there was a 39% decrease in the African-American population in the ABLA neighborhood. The most significant drop occurred north of Roosevelt Road, where the African-American population declined by nearly half.

- b. Due to the luxury housing market boom since 1990, the ABLA neighborhood has been transformed from a neighborhood for moderate and low-income African-American families to a community for Chicago's wealthiest, white families. 2000 U.S. Census data reveals that 38% of the owner-occupied housing in the ABLA neighborhood was valued at \$300,000 or more, over four times the City of Chicago's own average of 9%. In 2000, there was also a higher rate of families in the ABLA neighborhood who earned more than \$100,000 per year—20%, compared to the city's total rate of 13%.
- c. Current and planned future construction of luxury housing in the ABLA neighborhood will further increase the community's wealth. Development of University Village (71.6% priced above \$250,000) and University Commons (96% priced above \$250,000), in addition to the CHA's own construction of market rate housing (40% are for families exceeding 120% AMI), will result in 71% of new housing in the ABLA neighborhood being available to families earning more than 120% of the AMI.
- d. From 1990 to 2000, the neighborhood lost 20% of its rental housing stock, housing available to low- and moderate-income families. In spite of this fact, wealthy families will reap the benefits of the new construction, while low- and moderate-income families will be able to afford only about one-third of the total housing in the ABLA neighborhood.
- e. The City of Chicago's current real estate market fails to provide sufficient housing for very low-income families. Despite this gap, the CHA will focus its resources on the glutted market of luxury housing, and only 10.6% of the total housing units in the neighborhood will be public housing.
- f. With the current ABLA redevelopment plan, the vast majority of African-American public housing families will be concentrated almost exclusively in one census tract. Eighty percent of the total new and rehabbed CHA public housing will be located

south of Roosevelt Road and west of Blue Island Avenue. In 2000, that census tract was already 97% African-American and the CHA's plan will only further that concentration. In the end, the ABLA neighborhood will become an overwhelmingly wealthy, white neighborhood with a concentrated "pocket" of low-income African-Americans living in starkly contrasted public housing.

- g. Because the number of market rate housing units in the ABLA neighborhood is expected to increase by about 1,600 (not including the CHA's market rate units), the redevelopment plan could also increase the number of very low-income units in the area without jeopardizing the income mix.
- h. Defendants have failed to enact proper community planning which takes into account the entire ABLA neighborhood rather than the narrow confines of the ABLA public housing development and recognizes the neighborhood's rapid transition since the 1990's into a haven for wealthy, luxury housing. These public partners have passed up this unique opportunity and are failing in their responsibility to create a truly mixed-income and racially integrated neighborhood.

City Design Center Study

75. In April 2004, Professor Roberta Feldman, co-director of the University of Illinois at Chicago City Design Center, completed a study of the ABLA Redevelopment Plan, a copy of which is attached hereto as Exhibit D. Professor Feldman concluded that the plan inhibits full integration and causes intra-development segregation.

- a. Defendants have incorrectly treated the ABLA site as one entity, even though historically it was four independently functioning developments, resulting in an uneven distribution of the ABLA public housing units and intra-development segregation.
- b. The plan fails to recognize Roosevelt Road as an ecological barrier preventing the formation of a community. The north and south sides of Roosevelt Road should be treated as separate developments, and the income mix should be calculated

separately.

- c. The plan disregards the Robert H. Brooks Homes, a public housing development on the south side of Roosevelt Road. When Brooks is considered part of the plan, 80% of the new and rehabilitated public housing units will be south of Roosevelt Road.
- d. The plan separates the public housing and affordable units from the market rate units. In Phase I of the Plan all of the public housing units are in multi-family buildings with affordable units. Brooks will remain entirely public housing, and Loomis will become entirely affordable.
- e. The buildings containing public housing units will be externally distinguishable and of a lower design quality than the buildings with market rate units. The plan is contrary to the CHA's Plan for Transformation and its own development goals for ABLA which require that units are dispersed "for each income group throughout the entire redevelopment area . . . not only within blocks but also within buildings and amongst a variety of housing types" and for "public housing units [to] look no different than those intended for market-rate customers." MTW Annual Plan for Transformation - Year 5, Ch.1, p.7, attached hereto as Exhibit E. See also June 17, 2002 RFP for ABLA Master Developer, p. 17, attached hereto as Exhibit B.
- f. While the vast majority of public housing residents would like to remain in their historic communities, the ABLA plan will only provide housing for a mere fraction of the families.

Professor Edward G. Goetz Study

76. In April 2004, Professor Edward Goetz, Professor of Planning and Public Affairs, Director of Urban and Regional Planning Program, and Associate Dean of the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota completed a study of the ABLA Redevelopment Plan, a copy of which is attached hereto as Exhibit F. Professor Goetz conducted an analysis based on the 2000 Census of the ABLA neighborhood data compared to

the neighborhoods surrounding 32 HUD HOPE VI redevelopment sites across the country similar in economic and demographic profile to Chicago.

- a. While the demographics of the ABLA site are comparable to the other HOPE VI sites, the ABLA neighborhood differs in two striking ways. ABLA has one of the highest percentages of populations with very high incomes and high valued owner-occupied housing of all of the sites. Additionally, the ABLA redevelopment site's spatial configuration is extremely unusual due to its concentration of low-income, African-American families south of Roosevelt Road and its concentration of white, affluent households north of Roosevelt Road.
- b. While the total ABLA site has an average rate of very low-income populations (families making less than \$20,000) when compared to the other HOPE VI sites, ABLA's percentage of families with incomes exceeding \$100,000 (20%) is three times the average across the other HOPE VI sites and second to only one other development.
- c. Significant disparities exist between the incomes of families on the north and south side of Roosevelt Road. The south side of Roosevelt Road has the second highest percentage of very low-income families among all of the sites studied and the highest rate of families living below the poverty line.
- d. By contrast, the north side of Roosevelt Road has the fifth lowest rate of very low-income families among the other project neighborhoods and the highest percentage of affluent families of all the other HOPE VI projects.
- e. ABLA has an unusual income mix. When compared to the other 32 sites, the ABLA project as a whole has an extremely high ratio of affluence to poverty with only two other sites exceeding this ratio.
- f. While the racial make-up of ABLA is average when compared to the other neighborhoods, the data reveals large disparities in the racial make-up of the northern and southern sections of ABLA. The south side of Roosevelt Road has the smallest

percentage of white families than any other HOPE VI development and a greater percentage of African-American families than all but one site.

- g. While ABLA overall has a relatively low rate of home ownership, it has one of the highest percentages of high-valued housing, due entirely to the housing north of Roosevelt Road
- h. Because ABLA has an unusually high number of high-income households, even relative to the percentage of low-income households, the ABLA neighborhood could easily accommodate many more low-income families. Many more public housing families could live in the area before ABLA would reach the study's average for the affluence-to-poverty ratio.
- i. Increasing the number of public housing families at ABLA will not "tip" the neighborhood. Some of HUD's most successful HOPE VI sites have a higher rate of poverty and lower rate of affluence.
- j. Because the neighborhood is clearly experiencing strong market conditions, the ABLA site can take many more public housing units and still boast an income mix matched by few other redevelopment neighborhoods.
- k. The gross disparities of wealth, poverty, and race on the north and south side of Roosevelt Road must be eliminated. There must be a fairly equitable spread of low-income housing within the mixed-income community for the lower-income families to benefit from the proximity of affluent families.
- l. Without an equitable redistribution of the housing at ABLA, the defendants' mixed-income goals, though dubiously providing any real benefit to low-income families, cannot be achieved. Research has shown, however, that a stark division of the development into separate concentrations of low-income and high-income housing will likely increase tensions between the market-rate and low-income families.

The Chicago Partners Study

77. In May 2004, Chicago Partners, L.L.C., (Chicago Partners) an economics and accounting consulting firm based in Chicago and specializing in the application of economics, statistics, and econometrics to legal and regulatory issues, completed a study of the ABLA Redevelopment Plan, which is attached hereto as Exhibit G. Chicago Partners concluded that from the inception of the Redevelopment Plan, Defendants effectively guaranteed that only the minimum number of public housing units would be constructed.

- a. The evaluation criteria that Defendants set forth in the ABLA Revitalization Plan and the Request for Proposals (RFP) impacted the bids prospective developers were willing to submit. Defendants fixed a ratio of market-rate to non-market rate housing, a minimum number of total units to be built, and a range of acceptable unit-per-acre densities for the ABLA site. They then evaluated the bids submitted based on a series of evaluation criteria, none of which included maximizing the number of low-income units built. As a result, bidders submitted plans approaching the lowest unit-per-acre density allowed by the RFP, since building more units would not have affected their chances of being selected as the Master Development. Had the Defendants evaluated winning bids based even in part on achieving the maximum number of public housing units, bidders would have had an incentive to submit plans approaching the highest unit-per-acre density allowed in the RFP, thus building more public housing units while still satisfying the other RFP requirements.
- b. There is no market-based justification for the given constraints on the density. Defendants arbitrarily limited the density ratio to between 29 and 33 units per acre. Had the Defendants relaxed the density constraints, developers would have been willing to submit bids with a higher number of low-income units.
- c. There is no market-based justification for the constraints on the ratio of low, affordable, and market rate housing. Defendants unnecessarily limited the ratio to approximately one-third each of market-rate, affordable, and low-income housing.

Had the Defendants relaxed the constraints on the types of housing, developers would have been willing to submit bids with a higher number of low-income units and likely a greater percentage of market-rate units.

VII. STATUTORY AND REGULATORY SCHEME

A. Defendants' Duty to Provide Decent, Safe and Sanitary Housing

78. Almost 70 years ago, Congress passed the United States Housing Act of 1937 ("USHA"), declaring that it is "the policy of the United States to promote the general welfare of the Nation by employing its funds and credit . . . to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe and sanitary dwellings for families of lower income" 42 U.S.C. § 1437.

79. The national housing goal as stated in the USHA is the realization as soon as feasible of "a decent home and suitable living environment for every American family." 42 U.S.C. §§ 1441 and 1441a; 12 U.S.C. § 1701t.

B. Defendants' Duty to Assist in Relocation, Alleviate Segregation and Provide Residents Their Choice of Replacement Housing

80. The ABLA Redevelopment Plan is being funded with \$59.5 million of HOPE VI funds appropriated in 1996 and 1998.

81. Section 18(b)(2) provides that "all tenants to be displaced as a result of the demolition or disposition will be given assistance by the public housing agency and are [to be] relocated to other decent, safe, sanitary, and affordable housing, which is, to the maximum extent practicable, housing of their choice, including housing assisted under Section 1437f [the Section 8 housing program] of this title . . ." 42 U.S.C. § 1437p(b)(2).

82. HUD's applicable regulations regarding Section 18(b)(2) provide:

Relocation of displaced tenants on a nondiscriminatory basis. Tenants who are to be displaced as a result of demolition and or disposition must be offered opportunities to relocate to other comparable/suitable . . . decent, safe, sanitary and affordable housing (at rents no higher than permitted under the Act) which

is, to the maximum extent practicable, housing of their choice, on a nondiscriminatory basis, without regard to race, color, religion (creed), national origin, handicap, age, familial status, or sex, in compliance with applicable Federal and State laws. 24 C.F.R. § 970.5(a).

83. In October 1998, Congress amended Sections 18(b)(1) and 18(b)(2) of USHA. See Quality Housing and Work Responsibility Act of 1998 (“QHWRA”), Pub. L. 105-276, 112 Stat. 2461 (Oct. 21, 1998). HUD subsequently determined that all demolition applications received by HUD on or before the effective date of QHWRA, October 21, 1998, are to be processed pursuant to the provisions of Section 18(b)(1), Section 18(b)(2) and 24 C.F.R. Part 970 that were in effect prior to October 21, 1998. 64 Fed. Reg. 8203 (Feb. 18, 1999). However, demolition applications received after October 21, 1998 are still subject to Section 18 if replacement housing will be built in place of the demolished housing. 64 Fed. Reg. 8192, 8204 (Feb. 18, 1999); HUD Notice PIH 2003-9 (HA) at 8.

C. Defendants’ Duty to Maintain Neighborhoods

84. The HOME Investment Partnership Program (HOME) was created pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act (“CGNAHA”), as amended, codified at 42 U.S.C. § 12721 et seq. The primary objective of the CGNAHA is “to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, for very low-income and low-income Americans.” 42 U.S.C. § 12722(1). The HOME program is specifically designed to expand the supply of decent, affordable housing for low and very low-income families by providing grants to participating state and local governments. See 42 U.S.C. § 12742. For purposes of the CGNAHA, “very low-income” is defined as 0% to 50% of area median income, and a “low-income family” is defined as a family whose income does not exceed 80% of area median income. 42 U.S.C. §§ 12704(9)-(10).

85. Development projects assisted by the HOME Program must adopt a residential antidisplacement and relocation assistance plan that complies with Section 104(d) of the Housing and Community Development Act, 42 U.S.C. 5304(d). See 24 C.F.R. §§ 92.353(e) and 42.301 et seq. The Housing and Community Development Act requires that:

- a. governmental agencies or private developers shall provide within the same community comparable replacement dwellings for the same number of occupants as could have been housed in the occupied and vacant occupiable low and moderate income dwelling units demolished or converted to a use other than for housing low and moderate income persons, and provide that such replacement housing may include existing housing assisted with project based assistance provided under section 1437f of this title. 42 U.S.C. § 5304(d)(2)(A)(i).
- b. such comparable replacement dwellings shall be designed to remain affordable to persons of low and moderate income for 10 years from the time of initial occupancy. 42 U.S.C. § 5304(d)(2)(A)(ii).
- c. in the case of displaced persons of low and moderate income, provide . . . compensation sufficient to ensure that, for a 5-year period, the displaced families shall not bear, after relocation, a ratio of shelter costs to income that exceeds 30 percent. 42 U.S.C. § 5304(d)(2)(A)(iii)(I).
- d. Persons displaced shall be relocated into comparable replacement housing that is –
 - (I) decent, safe and sanitary;
 - (II) adequate in size to accommodate the occupants;
 - (III) functionally equivalent;
 - (IV) in an area not subject to unreasonably adverse environmental conditions.

42 U.S.C. § 5304(d)(2)(A)(iv).

D. Defendants' Duty Not to Segregate

86. The Fair Housing Act provides that "it shall be unlawful":

- a. "To . . . make unavailable or deny [] a dwelling to any person because of race, color, sex [or] familial status . . ." (42 U.S.C. § 3604(a)); or

- b. “To discriminate against any person in the terms, conditions, or privileges of . . . rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, sex [or] familial status” 42 U.S.C. § 3604(b).

E. Defendants’ Duty to Affirmatively Further Fair Housing

87. The Fair Housing Act provides further that HUD shall administer its programs and activities related to housing and urban development in a manner to affirmatively further fair housing. 42 U.S.C. § 3608(e)(5).

88. Mirroring the language of 42 U.S.C. § 3608(e)(5), HUD has adopted regulations requiring local housing authorities to affirmatively further fair housing and to certify that they will do so in the public housing plans. 24 C.F.R. §§ 960.103(b), 903.7(o).

89. As well, Executive Orders 11063 and 12892 recognize the duty to affirmatively further fair housing.

90. Executive Order 11063, issued by President Kennedy, and titled “Equal Opportunity in Housing,” directs “all departments and agencies in the executive branch of the Federal Government, insofar as their functions relate to the provision, rehabilitation, or operation of housing and related facilities, to take all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin” Exec. Order 11063, § 101, 27 Fed. Reg. 11527 (Nov. 20, 1962).

91. Executive Order 12892 mandates that the Secretary of HUD affirmatively further fair housing, directs other federal agencies to cooperate with HUD in the order’s enforcement, and amends the language of 11063 to include the prevention of discrimination on the basis of sex, disability, and familial status. Exec. Order 12892, §§ 2-201, 6-604(b), 59 Fed. Reg. 2939 (Jan. 17, 1994).

92. HUD has promulgated regulations implementing Executive Orders 11063 and 12892, which provide as follows:

All persons receiving assistance from, or participating in any program or activity of the Department involving housing and related facilities shall take all action necessary and proper to prevent discrimination on the basis of race, color, religion, sex or national origin.

24 C.F.R. § 107.21 (2003).

93. Defendants' actions and their obligations to affirmatively further fair housing are also governed by the Quality Housing Work Responsibility Act of 1998 ("QHWRA"), Pub. L. 105-276, Stat. 2461. QHWRA requires public housing authorities to prepare and submit for HUD approval an "annual public housing agency plan" detailing the PHA's policies in the administration of its programs.

94. QHWRA requires the PHA to certify in the plan that it will "carry out the public housing agency plan in conformity with . . . the Fair Housing Act . . . and will affirmatively further fair housing." 42 U.S.C. § 1437c-1(d)(15).

VIII. INJURY TO THE NAMED PLAINTIFFS AND THE PLAINTIFF CLASS

95. According to the 2000 United States Census, 36.8% of the families living in the City of Chicago are African-American. African-American families, however, constitute 58% of the households living below the poverty line.

96. According to the 2000 United States Census, 30.7% of the families living in Chicago are female-headed families. Female-headed families, however, constitute 58% of the families living below the poverty line.

97. According to the 2000 United States Census, 57.3% of the families living in Chicago had related children under the age of 18. Families with children, however, constitute 80% of the families living below the poverty level.

98. The Defendants' plans for ABLA, as described above, reduce the number of housing units available both to current and displaced ABLA residents and to families on the public housing waiting list. These plans have an adverse discriminatory impact on African-Americans, females, and children because these groups are disproportionately eligible for public housing as

compared to their representation in the general population, and they are disproportionately represented among ABLA residents.

99. The Defendants' plans for ABLA, as described above, exacerbate and perpetuate racial residential segregation within the ABLA development, deny residents the opportunity to live in an integrated ABLA neighborhood and enjoy the benefits of interracial association, and reaffirm Roosevelt Road as the "Mason Dixon Line" separating blacks and whites living in the ABLA neighborhood.

100. Defendants' plans for ABLA have denied or will deny Plaintiffs their right to comparable dwellings within the ABLA community by failing to replace the units already demolished or set to be demolished in the future. Defendants' plans have failed or will fail to guarantee Plaintiffs that those replacement units will remain affordable to them for ten years or that for a five-year period, they will not bear housing costs exceeding thirty percent of their income.

101. These actions will cause and have caused irreparable injury to the named Plaintiffs and to members of the Plaintiff class. As a result of the Defendants' actions, the Plaintiffs and members of the Plaintiff class have lost or will lose their homes, have suffered or will suffer displacement, will lose the benefits of interracial association and the opportunity to live in an integrated neighborhood, and will be denied the opportunity to reside in the replacement housing currently proposed by the Defendants. As the ABLA community becomes more racially integrated and economically prosperous, with a wealth of employment opportunities, social services, and improving schools, the Plaintiffs will be forced to leave and will likely not be able to return. The community in which the Plaintiffs have lived and established personal ties will now become a wealthy, white community out of reach to its historic residents and low-income families generally.

102. The Defendants' plans and actions as described above have caused and will cause irreparable injury to Plaintiff Concerned Residents of ABLA, in that:

- a. CRA represents the interests of its members, each of whom has been or will be harmed by Defendants' proposed redevelopment plans;

- b. The above-described activities of Defendants have frustrated CRA's mission to promote tenant involvement in the redevelopment process and to facilitate a redevelopment plan that furthers the interests of all ABLA residents;
- c. CRA has lost actual and potential members due to CHA's ongoing pattern of encouraging and/or forcing ABLA tenants to move out of the development by, inter alia, allowing units to deteriorate, relocating tenants into the private market, and transferring tenants to other public housing developments.

103. All of Defendants' actions described herein constitute a pattern, practice and policy of housing discrimination and discrimination in general on the basis of race, gender and familial status.

104. Plaintiffs have no adequate remedy at law.

CLAIMS FOR RELIEF AGAINST ALL DEFENDANTS

Claims Under Title VIII of the Civil Rights Act of 1968

COUNT I

105. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

106. The Defendants' actions as described above will have an adverse disparate impact upon African-Americans and therefore constitute a violation of the Fair Housing Act, 42 U.S.C. § 3604(a), which provides that "it shall be unlawful . . . [t]o make unavailable or deny . . . a dwelling to any person because of race"

COUNT II

107. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

108. Defendants' actions as described above will have an adverse disparate impact upon female-headed households and therefore constitute a violation of the Fair Housing Act, 42 U.S.C. § 3604(a), which provides that "it shall be unlawful . . . [t]o make unavailable or deny . . . a dwelling to any person because of . . . sex"

COUNT III

109. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

110. Defendants' actions as described above will have an adverse disparate impact upon families with children and therefore constitute a violation of the Fair Housing Act, 42 U.S.C. § 3604(a), which provides that "it shall be unlawful . . . [t]o make unavailable or deny . . . a dwelling to any person because of . . . familial status"

COUNT IV

111. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

112. The Defendants' plans for ABLA as described above will deny current and displaced ABLA residents and future public housing residents the opportunity to reside in a racially integrated neighborhood, in violation of the Fair Housing Act, 42 U.S.C. § 3604.

COUNT V

113. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

114. The Defendants' actions as described above will exacerbate and perpetuate residential housing segregation within the ABLA development and therefore constitute a violation of 42 U.S.C. § 3604.

COUNT VI

115. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

116. Defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their actions described herein were taken under color of state law.

117. Defendant HUD is an agency within the meaning of 5 U.S.C. § 701(b)(1) of the Administrative Procedure Act (APA).

118. By creating a redevelopment plan that will cause Plaintiffs to become segregated into the predominately African-American south side of Roosevelt Road, Defendants violated their duty to affirmatively further fair housing. 42 U.S.C. § 3608(e)(5); 24 C.F.R. §§ 960.103(b); 107.20(a); and 903.7(o).

119. By breaching their duty to affirmatively further fair housing, Defendants deprived Plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983 and the APA.

Claims under the Quality Housing Work Responsibility Act of 1998

COUNT VII

120. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

121. Defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their actions described herein were taken under color of state law.

122. Defendant HUD is an agency within the meaning of 5 U.S.C. § 701(b)(1) of the APA.

123. By creating a redevelopment plan that will cause Plaintiffs to become segregated on the predominately African-American south side of Roosevelt Road, Defendants have violated their duty to affirmatively further fair housing. 42 U.S.C. § 1437c-1(d)(15).

124. By breaching their duty to affirmatively further fair housing, Defendants deprived Plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983 and the APA.

Claims under Executive Order 11063 and 12892

COUNT VIII

125. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

126. Defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their actions described herein were taken under color of state law.

127. Defendant HUD is an agency within the meaning of 5 U.S.C. § 701(b)(1) of the APA

128. By creating a redevelopment plan that will cause Plaintiffs to become segregated on the predominately African-American south side of Roosevelt Road, Defendants have violated their duty to affirmatively further fair housing. Exec. Order 11063, 27 Fed. Reg. 11527(1962); 24 C.F.R. § 107.21; Exec. Order 12892, 59 Fed. Reg. 2939 (1994).

129. By breaching their duty to affirmatively further fair housing, Defendants deprived Plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983 and the APA.

Claims Under the Housing and Community Development Act

COUNT IX

130. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

131. Defendants' plans provide for only 1,084 very low and low-income replacement housing units. The plans therefore fail to provide within the same community comparable replacement dwellings for the same number of occupants as could have been housed in the 2,992 occupied and vacant occupiable very low and low-income dwelling units demolished, in violation of 42 U.S.C. § 5304(d)(2)(A)(i).

COUNT X

132. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

133. Defendants' plan fails to guarantee that 2,992 comparable replacement dwellings in the community remain affordable to persons of low and moderate income for 10 years from the date of initial occupancy and fails to provide compensation sufficient to insure that, for a five-year period, the displaced families will not bear, after relocation, a ratio of shelter costs to income that exceeds 30 percent, in violation of 42 U.S.C. § 5304(d)(2)(A)(ii) and (iii).

IX. CLAIMS FOR RELIEF AGAINST THE CHA DEFENDANTS

COUNT XI

134. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

135. The CHA defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their actions described herein were taken under color of state law.

136. In implementing their plans to redevelop ABLA, the CHA Defendants have failed to relocate displaced ABLA tenants to decent, safe, sanitary, and affordable housing which is, to the maximum extent practicable, housing of their choice. Defendants have thereby violated Plaintiffs' rights under Section 18(b)(2) of the USHA, 42 U.S.C. § 1437(b)(2).

X. CLAIMS FOR RELIEF AGAINST THE FEDERAL DEFENDANTS

Claim Under the Administrative Procedure Act

COUNT XII

137. Plaintiffs re-allege paragraphs 1 to 104 of this Complaint and incorporate them herein.

138. Defendant HUD is an agency within the meaning of 5 U.S.C. § 701(b)(1) of the Administrative Procedure Act (APA).

139. In approving the CHA defendants' plans for ABLA despite the violations alleged above, the Federal Defendants took actions that were arbitrary, capricious, an abuse of discretion, not in accordance with law, in excess of statutory authority and without observance of procedures required by law, within the meaning of 5 U.S.C. § 706(2)(A)(C) and (D).

XI. RELIEF REQUESTED

WHEREFORE, Plaintiffs respectfully request that this Court:

A. Declare that the actions and omissions of the Defendants, as set forth above, violate Title VIII of the Civil Rights Act of 1968, the United States Housing Act, the Housing and Community Development Act, the Quality Housing and Work Responsibility Act, Executive Orders 11603 and 12892, and the Administrative Procedure Act.

B. Enter a preliminary and permanent injunction enjoining Defendants from:

- (1) Implementing the Defendants' present ABLA redevelopment plans, including any efforts to relocate the residents of ABLA in violation of the United States Housing Act, Title VIII of the Civil Rights Act of 1968, the Quality Housing and Work Responsibility Act, Executive Orders 11603 and 12892, the Administrative Procedure Act, and the Housing and Community Development Act;
- (2) Awarding, transferring, or expending of any ABLA-related HOPE VI or HOME funds until a new revitalization plan for the ABLA development is developed by the parties and approved by this Court;
- (3) Failing to reprocess applications for replacement housing of the approximately 1,400 families forced to relocate from ABLA from August 1995 to September 30, 1999;

- (4) Failing to ensure that each family is provided with their choice of replacement housing to the maximum extent practicable in compliance with the United States Housing Act;
 - (5) Failing to provide Plaintiffs comparable replacement dwellings within the same community for units demolished or converted for other use under the Housing and Community Development Act (HOME);
 - (6) Failing to ensure that the approximately 1600 families forced to relocate from ABLA since August 1995, for a five-year period thereafter, shall not bear or have borne, after relocation, a ratio of shelter costs to income that exceeds 30%;
 - (7) Failing to ensure that there is an adequate supply of units with three or greater bedrooms to house larger ABLA families in compliance with Title VIII of the Civil Rights Act of 1968;
 - (8) Failing to maintain the ABLA development in substantial compliance with the health and safety provisions of the Chicago Municipal Code until a new revitalization plan for the ABLA development can be implemented;
- C. Enter an order requiring Defendants to pay Plaintiffs' reasonable costs and attorneys' fees for the prosecution of this action.
- D. Grant Plaintiffs such further relief as this Court deems just and proper.

Dated: May 14, 2004


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List of Exhibits

<u>Exhibits</u>	<u>Description</u>
A	Order, August 14, 1987
B	Chicago Housing Authority, <u>Request for Proposals for A Master Developer for the Mixed-Income Redevelopment of ABLA Homes</u> (2002).
C	Patricia A. Wright, <u>An Analysis of the ABLA Neighborhood Area: Shifts and Trends in Population, Race, Income, Housing Units and Value</u> , May 2004.
D	Roberta Feldman, Statement, May 2004.
E	Chicago Housing Authority, <u>Annual Plan for Transformation FY2004: Year 5 Moving to Work (MTW)</u> , Chapter 1, page 7, (2003).
F	Edward G. Goetz, Statement, April 2004.
G	Chicago Partners, L.L.C., Statement, May 2004.

Exhibit A

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

DOROTHY GAUTREAU, et al.,
Plaintiffs,

vs.

SAMUEL R. PIERCE, JR., Secretary
of the Department of Housing and
Urban Development, and CHICAGO
HOUSING AUTHORITY, et al.,
Defendants.

Civil Action No. 66C1459
66C1460
(Consolidated)

O R D E R

This matter coming on to be heard pursuant to plaintiffs' motion dated May 8, 1987 for the appointment of a receiver for the scattered site program (defined below), due notice having been given and the Court having heard the presentations of the parties, the Court makes the following findings of fact and conclusions of law:

(A) The Chicago Housing Authority (the "CHA") has joined in plaintiffs' motion for the appointment of a receiver for the reasons which CHA has heretofore stated in this cause.

(B) This Court has concluded that it has no reasonable alternative but to exercise its inherent power to effectuate its own orders and to so appoint said receiver for the scattered site program in accordance with the provisions of this order. It is the expectation of this Court that the appointment of a receiver will facilitate cooperation between the United States

Department of Housing and Urban Development ("HUD"), CHA and the receiver respecting the scattered site program.

(C) For purposes of this Order the "scattered site program" shall mean (i) the buildings and vacant sites listed in Exhibit A attached hereto (collectively, the "Uncompleted Units") and (ii) CHA Development Programs numbered Il 2-096, Il 2-098, Il 2-103 through Il 2-109, and Il 2-113 (excluding any completed buildings in such programs) and all CHA non-elderly public housing development programs which may in the future be authorized by HUD during the pendency of Civil Action No. 66 C 1459.

WHEREFORE, IT IS HEREBY ORDERED:

1. The Court hereby appoints Daniel E. Levin and The Habitat Company jointly as receiver ("Receiver") to develop and administer the scattered site program as effectively and expeditiously as possible in compliance with the orders of this Court, such appointment to be effective as of the Effective Date (defined below). Until the Effective Date, CHA shall continue to be responsible for implementing the scattered site program in compliance with the prior orders of this Court. On the Effective Date CHA shall turn over to the Receiver possession and control of the Uncompleted Units, it being understood, however, that title to the Uncompleted Units shall remain in the name of CHA.

2. The Receiver shall have and exercise all powers of CHA respecting the scattered site program necessary and incident to the development and administration of such program, including:

(a) Making all determinations governing the scattered site program in compliance with prior and future orders of this Court, including without limitation (i) submission to HUD of applications for funding, development programs and other documents, (ii) site selection and acquisition (including policies respecting the location of sites and buildings to be acquired), (iii) the relocation of occupants, when necessary and (iv) construction and rehabilitation of dwelling units and the design and specifications therefor in compliance with applicable laws and ordinances; and

(b) Carrying out the determinations so made, including without limitation (i) negotiating and executing any contracts or other documents necessary or appropriate to implement the scattered site program, (ii) employing, transferring and discharging staff for the scattered site program, (iii) purchasing insurance insuring the Receiver, and the interest of CHA if feasible and available at no additional cost, against liability for such risks and in such amounts as the Receiver and HUD shall from time to time agree upon, (iv) managing and administering buildings included within the scattered site program prior to the turnover thereof to the CHA in accordance with Paragraph 5 below, and (v) doing such other acts and things, including site selection and acquisition in the name of CHA, construction and rehabilitation of dwelling units and retaining the services of such personnel, consultants, attorneys, accountants and other professionals, as are determined by the Receiver to be necessary and appropriate to implement the scattered site

program and to enable the Receiver to discharge its duties pursuant to the provisions hereof.

3. The Receiver shall have the right at any time, upon due notice to the parties hereto, to make application to the Court requesting that the Receiver be excused from complying with some or all of the provisions set forth in the Annual Contributions Contracts heretofore entered into between HUD and CHA (collectively, the "ACC"), the HUD Procurement Handbook for Public Housing Agencies No. 7460.8, the HUD Public Housing Development Handbook No. 7417.1, or other applicable rules and regulations, or applicable laws or ordinances, or that as to the Receiver, the requirements of such agreements, provisions, laws, ordinances, rules and regulations be modified, if the Receiver determines that compliance therewith would be costly, inefficient or otherwise impede or restrict its ability to carry out this Court's orders. Nothing contained herein shall be deemed to constitute a determination by the Court, or the consent or an acknowledgement by HUD or CHA, that the Court has the jurisdiction or authority to grant any of the foregoing relief.

4. The Receiver shall have no obligation to make any expenditure except from funds provided by HUD in accordance with procedures to be agreed upon between HUD and the Receiver. The Receiver shall keep separate accounts for costs incurred in connection with the scattered site program from and after the Effective Date. The Receiver shall not be responsible for (1) payment of any costs or performance of any obligations incurred

by CHA prior to the Effective Date, except obligations incurred pursuant to the ACC unless the Receiver is excused from complying with the terms thereof pursuant to Paragraph 3 above, or (ii) payment of any costs or performance of any obligations incurred by CHA thereafter, except as may be specifically authorized by the Receiver in writing. Notwithstanding the foregoing, the Receiver shall not be responsible for (iii) compliance with the provisions of any ACC with respect to buildings and sites previously acquired or completed by CHA except those described in Exhibit A, or (iv) any act or omission of CHA either before or after the Effective Date.

5. The Receiver shall promptly turn over to CHA, and CHA shall accept, any building within the scattered site program upon completion of construction or rehabilitation of each such building. For purposes hereof, subject to the reasonable approval of HUD, construction or rehabilitation of a building shall be deemed to be completed when the Receiver's project architect determines that such building is ready for occupancy, and, if required by applicable law or ordinance, a certificate of occupancy has been issued for such building.

6. The Receiver shall prepare reports respecting the status and implementation of the scattered site program as of the end of each month in the year 1987, commencing with the month of September, 1987, and thereafter quarterly as of March 31, June 30, September 30 and December 31 of each year. Copies of the same shall be filed with the Court and served on

the parties within 20 days following the end of the period covered by each such report.

7. CHA, its agents, servants and employees shall provide full cooperation and assistance to, and shall not interfere with, the Receiver in the performance of the Receiver's responsibilities hereunder, including without limitation providing full access to all information, records, documents, files relating to the scattered site program.

8. There shall be paid to the Receiver from funds provided by HUD pursuant to the ACC or Annual Contributions Contracts entered into between the Receiver and HUD, or by CHA if appropriate, (i) all direct costs and expenses reasonably incurred by the Receiver in connection with the performance by the Receiver of its duties pursuant hereto, (ii) to the extent not included in clause (i), a pro-rata share of all salary, compensation and other direct costs of those employees of The Habitat Company (other than Daniel E. Levin, James P. McHugh and Douglas R. Woodworth), James McHugh Construction Co. (other than James P. McHugh) or other entities which are affiliates of or controlled either directly or indirectly by the Receiver, who at the direction of the Receiver perform services on behalf of the scattered site program, for the actual time devoted by said employees to the performance of services for the scattered site program, and (iii) a fee in the amount of three percent (3%) of the aggregate development costs (excluding the costs described in clause (ii) above and any costs previously incurred by CHA)

for each building in the scattered site program (except buildings developed pursuant to a turnkey development) as reflected on the original development budget(s) therefor submitted by the Receiver and approved by HUD, the fee for such building being payable upon the completion thereof as determined in accordance with Paragraph 5 hereof. The Court will set a reasonable fee with respect to turnkey developments. The Court hereby determines that included in the category of expenditures for which the Receiver shall be entitled to reimbursement are all costs, expenses and liabilities (including reasonable attorneys' fees and court costs) reasonably incurred or sustained by the Receiver by reason of the performance by the Receiver of its duties pursuant to the provisions hereof to the extent said costs, expenses and liabilities are not covered by the insurance described in Paragraph 2(b)(iii) above.

9. Nothing in this Order shall (i) preclude or restrict the Receiver or any party hereto from asserting any claims against the Receiver or any other party hereto for any matter in connection with the scattered site program or otherwise; provided, however that the foregoing shall not constitute a waiver by the Receiver or any other party of any defense which it may have to such claim, including, but not limited to, a defense by the Receiver that it enjoys immunity from such claim, (ii) obligate HUD to furnish funds to the Receiver in addition to any funds which HUD would otherwise be obligated to provide


to CHA by virtue of any previous order of this Court or otherwise, or (iii) constitute a determination of the amount of funds which HUD is obligated to furnish by virtue of such previous orders or otherwise.

10. The Receiver is hereby excused from complying with Rule 9(b) of the Civil Rules of the United States District Court for the Northern District of Illinois.

11. The effective date of this Order (the "Effective Date") shall be the date upon which the Receiver has filed with this Court and served upon the parties hereto a notice signifying that the Receiver is satisfied that there is in force the insurance coverage referred to in Paragraph 2(b)(iii) above.

12. Except as and to the extent specifically provided in this Order, this Court's judgment orders previously entered herein, as previously modified, remain in full force and effect. The Court retains jurisdiction of this matter for all purposes, including enforcement and issuance, upon proper notice and motion, of orders modifying or supplementing the terms of this order upon the presentation of relevant information or material changes in conditions existing at the time of this order or any other matter.

ENTER:


United States District Judge

August 14, 1987

Exhibit B

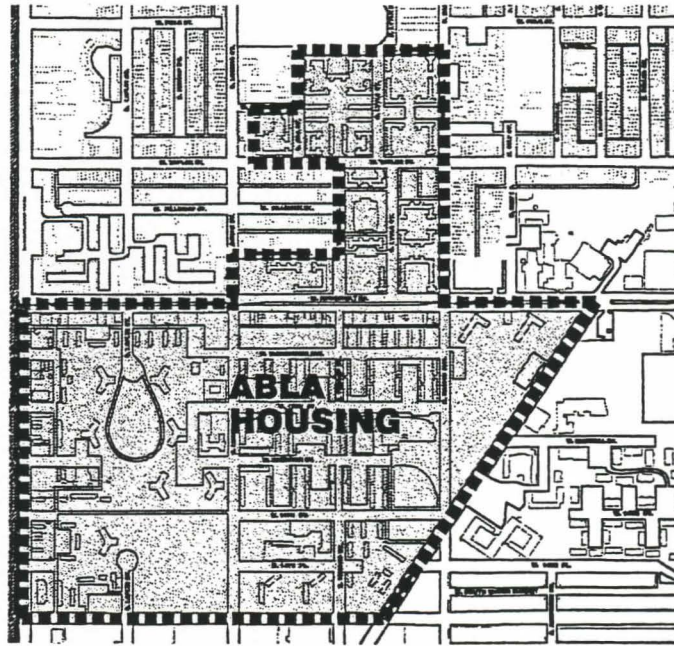
Request for Proposals

Master Developer

for

The Mixed Income Redevelopment of


The ABLA Homes



Chicago Housing Authority
Terry Peterson, CEO



The City of Chicago
Richard M. Daley, Mayor

 The Habitat Company
Daniel E. Levin, Chairman

NOTICE OF INTENT TO RESPOND

Request for Proposals ("RFP") for a Master Developer For the Mixed Income Redevelopment of The ABLA Homes

By completing and returning this Notice of Intent to Respond, the undersigned is not bound to respond to the RFP. The purpose of the Notice is to assist the Chicago Housing Authority ("CHA"), The Habitat Company ("Habitat"), and the City of Chicago ("the City") in managing communications. Communications targeted to potential respondents, such as answers to questions submitted during the selection process and amendments to the RFP, will be sent to organizations that have completed and returned a Notice of Intent to Respond by close of business on June 24, 2002. While organizations and individuals may submit Notices later than this deadline and be added to the list of those receiving continuing communications about the RFP, after the close of business on June 24, 2002 Habitat will not initiate communications with any organization or individual that has not submitted a Notice of Intent to Respond. After June 24, 2002, Habitat will only respond to and provide continuing communications with those organizations and individuals who take the initiative themselves to contact Habitat. The authorized representative will function as the single point of contact throughout the selection process, and all communications will be addressed to the authorized representative.

Notices of Intent to Respond should be completed and sent by facsimile only to the attention of Dan Rockafeld, Project Coordinator, at Habitat. Questions, comments and requests may be sent via facsimile or email to the attention of Dan Rockafeld, Project Coordinator, at Habitat. The facsimile number at Habitat is (312) 527-5863 and the email address is drockafeld@habitat.com. We will not respond to questions, requests or comments received in any other manner. Thank you for your interest in this exciting redevelopment opportunity.

Organization or team name: _____

Authorized representative: _____

Authorized representative contact information:

Organization: _____

Street address: _____

P. O. Box: _____ Suite or Floor #: _____

City: _____ State: _____ Zip code: _____

Telephone: _____ Ext. _____

Facsimile: _____ E-mail: _____

**IF INTERESTED, PLEASE PRINT THIS PAGE OUT ONLY AND
FAX THIS COMPLETED DOCUMENT TO:
Dan Rockafeld, Project Coordinator, at Habitat
(312) 527-5863 (fax)**

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

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Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes
General Invitation

The Chicago Housing Authority ["CHA"], The Habitat Company ["Habitat"] in its role as Receiver, and The City of Chicago invite submissions of proposals and qualifications to develop approximately 2450 units of mixed-income housing in the ABLA Homes, in accordance with the goals and requirements articulated in the following Request for Proposals (RFP).

One original and nineteen copies of the proposal must be signed, enclosed in sealed envelopes marked "Proposal", addressed and submitted no later than 3:00 p.m. Central Standard Time [CST] on August 30, 2002, to:

The Habitat Company
350 W. Hubbard Street, Suite #430
Chicago, IL 60610
Attn: Dan Rockafeld

A pre-proposal conference will be held on June 24th, 2002 at 9:30 a.m. in the Board Room of the Chicago Housing Authority, 626 West Jackson Boulevard – 6th Floor, Chicago. The pre-proposal conference will include a tour of the ABLA Development Area. Attendance is not mandatory, but is strongly encouraged, since questions about the RFP can be addressed only at the pre-proposal conference. A second pre-proposal meeting may be scheduled for the later part of July as deemed necessary by the Working Group.

CAUTION: LATE PROPOSALS – Respondents will be responsible for proposal delivery before the due date and time. If delivery is delayed, respondents can provide a written explanation for the late submission, although acceptance of late proposals is restricted by federal procurement guidelines.

Respondents are required to file a "Notice of Intent to Respond" (see Page 1) with The Habitat Company in order to ensure receipt of important communications regarding this RFP, including addenda and/or additional clarifications. Hard copies of the RFP may be picked up at The Habitat Company by prior arrangement beginning June 17, 2002 from 8:30 a.m. to 4:00 p.m. Interested parties outside of the Chicago Metropolitan Area may request that RFPs be mailed. Please fax your request to (312) 527-5863 attn: Dan Rockafeld. All other interested parties must pick up RFPs in person.

Respondents should be aware of the following Key Dates:

June 17, 2002	Request for Proposals Issued
June 24, 2002	Pre-Proposal Conference at CHA Board Room at 9:30 a.m.
July 2002	2 nd Pre-Proposal Conference at CHA Board Room [TBA]
August 30, 2002	Proposals Due to The Habitat Company by 3:00 p.m. CST
September 2002	Respondent Interviews
November 2002	Developer Selected

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

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Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes
Table of Contents

<u>Sections</u>	<u>Page</u>
General Invitation	3
Table of Contents	5
I. Introduction	7
II. Submission Requirements	9
III. Development Area	15
IV. Development Goals	17
V. Development Guidelines and Information	19
A. Development Considerations	
B. Financial Resources	
C. Transaction Elements	
VI. Scope of Responsibilities and Implementation	37
A. Expectations	
B. Expected Contracting Arrangements for Implementation	
VII. Selection Process	39
A. Responsiveness	
B. Role of Working Group and Communications	
C. Communication During the RFP Process	
D. Employment, Business Opportunities & the RFP Selection Process	
E. Other Considerations	
F. Confidentiality	
VIII. Evaluation Criteria	41
A. Qualifications of Development Team	
B. Project Approach	
B-1 Architectural Treatment	
C. Resident Participation & Hiring Requirements	
D. Asset / Property Management	
E. Ownership Structure	
F. Financial Feasibility	
IX. Submittals	45
X. Exhibits	47

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Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

I. Introduction

The Chicago Housing Authority ("CHA"), The Habitat Company ("Habitat" or the "Receiver")¹ and the City of Chicago (the "City") hereby announce a Request for Proposals ("RFP") to identify a Master Developer to plan, construct, own and manage mixed-income housing at the ABLA Homes² (the "ABLA Development Area").

Development Area: The ABLA Development Area includes approximately 100 acres, of which 75 acres are available for development. The ABLA Development Area is roughly bounded by Cabrini St. (N), Racine St. & Blue Island Ave. (E), 15th St. (S), and Ashland Ave., Loomis St. & Throop St. (W). The Development Area is located within two miles of Chicago's Central Business district, in the rapidly revitalizing Near West Side.

Development Goals: The development should result in an attractive, safe and sustainable mixed-income neighborhood, where public housing, affordable housing and market-rate housing is seamlessly integrated with the surrounding community. The plan incorporates a restored street grid, a diversity of housing styles facing the street, and a "walkable" neighborhood where parks, open space, retail, schools and churches are integrated in the community. Proposals should provide for the development of at least 2,441 housing units, as indicated below:

Unit Type	Number of Additional Units to be Developed under this RFP	Units Already Completed Planned by other	Total Number of on-site units in ABLA
Public Housing	755	329	1084
Affordable Housing	720	126	846
Market Rate Housing	966	0	966
TOTAL	2441	455	2896

Units should be dispersed throughout the entire area to the maximum extent possible, not only within blocks but also within buildings and in a variety of housing types.

HOPE VI Grants & Financing: The ABLA Plan is the result of two successful applications to the US Department of Housing and Urban Development's ("HUD") HOPE VI program, with grants of \$24.5 million (1996) and \$35 million (1998). HOPE VI funding of approximately \$44 million is available for housing development and land acquisition. The selected Respondent will utilize HOPE VI funding to secure additional private and public funding. Market-rate housing is not eligible for public subsidies.

¹ Pursuant to a 1987 order of the Court of the Northern District of Illinois in Dorothy Gautreaux v. CHA et al., Daniel E. Levin and The Habitat Company, jointly, as Receivers, have and exercise all power of CHA respecting the development of CHA non-elderly public housing.

² "ABLA" refers to the following CHA-owned public housing developments: Jane Addams Homes, Robert Brooks Homes and Brooks Extension, Loomis Courts, and Grace Abbott Homes.

³ The overall ratio of units across the entire ABLA Development Area will include a mix that is 37% public housing, 30% affordable, and 33% market rate, as the Brooks Homes include 329 units of reconstructed public housing, and the Loomis Courts will include 126 units of renovated affordable housing.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

I. Introduction

Working Group: A Working Group guides the planning and implementation of the development by consensus. The ABLA Working Group will recommend a Master Developer, and will have on-going participation with the Master Developer during implementation. The ABLA Working Group includes representatives from:

- The Chicago Housing Authority
- The Habitat Company (as Receiver)
- ABLA Local Advisory Council
- Business and Professional People for the Public Interest (Plaintiff Counsel in Gautreaux vs. CHA)
- City of Chicago Department of Planning & Development
- City of Chicago Department of Housing
- Community Representative for University of Illinois at Chicago and Illinois Medical District

Planning Process: A major community-wide planning effort was completed in 2001. Under the direction of the ABLA Working Group, Telesis gathered input from many ABLA residents, neighbors, adjacent institutions, as well as dozens of other individuals, organizations and government entities. The resulting Revitalization Plan includes a new land use plan, conceptual building designs, financial/market studies, and a Community and Supportive Service Plan. The Plan has substantial support from the organizations and individuals that participated in the planning process. The CHA Board of Commissioners approved the ABLA Revitalization Plan in August 2001, with HUD approval in November 2001. The ABLA Revitalization Plan provides the template for the overall development program to be implemented. The selected Respondent will work with the ABLA Working Group to ensure that implementation of the Plan follows a similar collaborative process with the community.

Historic Properties: The ABLA Community has a rich and important history, and special consideration has been given to the Jane Addams Homes. A Memorandum of Agreement was executed in 1998 that governs the development process for the Jane Addams Homes. Consequently, Respondents may submit proposals that consider the rehabilitation of all or a portion of the Jane Addams Homes.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

II. Submission Requirements

Respondents should provide 20 copies of their proposal to:

The Habitat Company
350 West Hubbard Street, ~Suite #430
Chicago, IL 60610
Attn: Dan Rockafeld

Responses are due no later than 3:00 p.m. Central Standard Time [CST] on August 30, 2002.

Respondents must submit all elements on the Submission Checklist in their proposal (See Sec.IX, Submittal #1). Proposals should be assembled as described below (additional formatting details are included on the Submission Checklist). There should be three volumes to each proposal, as follows:

- Volume 1: Main elements of the proposal, including letter of interest, summary of qualifications, project approach & design, and financing.
- Volume 2: Expanded supporting documentation about past experience of the development team such as project fact sheets, staff resumes, etc.
- Volume 3: All required submission documents, certifications, and forms.

This section outlines the technical requirements for a complete proposal submission. Explanations and requirements for specific submission items outlined below can be found in Section V. "Development Guidelines and Information" of this RFP

A. Letter of Interest (Volume 1)

A Letter of Interest (not to exceed four pages) should introduce the proposal. The letter should 1.) briefly summarize the proposal, 2.) identify key members of the development team, and 3.) clearly and succinctly state the team's understanding of their role. An authorized representative, certifying the proposal provides all required elements, must sign the letter.

The authorized representative will serve as the main point of contact for the Receiver and the CHA throughout the selection process. The letter should also identify an alternate contact person who can communicate on behalf of the respondent team. All communications will be addressed to and remain the responsibility of the authorized representative or alternate. Contact information should include the address, telephone, facsimile and e-mail for the authorized and alternate representatives.

B. Professional Experience and Capacity

1. Organization of Respondent Team (Volume 1)

- a) *Organizational Chart*: Provide an organization chart that shows all legal entities involved in the respondent team (existing and proposed), clearly illustrating the roles and responsibilities of all team members (joint venture partners, architect, subcontractors, etc.) and identifying the primary individual and key staff responsible for performance in each role/responsibility.

II. Submission Requirements

- b) *Additional Team Members:* Identify the proposed structure for including additional development team members as part of the redevelopment process, describing any developers that have already been identified, and the process by which other developers would be included in subsequent phases of the development of the entire site.
 - c) *Partnership Agreement:* Respondents that intend to form a partnership entity or limited liability company to carry out the development activities must submit an executed agreement that establishes a legal development entity. The Partnership Agreement should clarify liability in the event of default, including the degree to which the member entities will be legally responsible for performance and completion guarantees. Failure to submit an executed Partnership Agreement as required will be considered a non-responsive proposal. Respondents should also include agreements, letters of intent or other documents regarding relationships between the entities of the Respondent team as an attachment to their submissions.
2. Summary Qualifications as Developer (Volume 1)
Provide the following qualification summaries (not to exceed 4 pages for each section).
- a) *Key Personnel:* Provide a summary chart of the key personnel proposed to work on the development that includes the organization for which they work, their expected role, proposed time commitment, areas of specialization/expertise, years' experience, and brief listing of key projects completed. This section may include a brief biographical paragraph of the key project management staff devoting 50% or more of their work hours to the project. (Complete resumes for these and other staff working on the project should be included in Volume 2 of the proposal, as indicated below).
 - b) *Past Projects:* Provide a summary chart of all relevant previous projects for which the Respondent team or team members acted as developer or as part of the development team. The chart should emphasize previous experience with affordable and/or mixed-income housing development. For each project listed, include the role of the team member, the outcomes, the cost, any special/government programs used (such as HOPE VI, LIHTC, Historic Preservation, etc), completion date, and the client name.
 - c) *Resident/Community Participation:* Summarize the team's previous experience and outcomes for engaging and informing residents and neighbors about the development process for all projects listed above. This section should also indicate the low-income contracting/hiring goals and results for each project.
 - d) *Organizational Capacity:* Provide a listing of all existing commitments for key team members, size of project, percent of time/resources devoted to project, and anticipated completion. The chart should demonstrate that key staff time is available to implement the Respondent team's proposal for ABLA.
 - e) *References:* Provide contact information for three references for each of the key organizational team members.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

II. Submission Requirements

3. Detailed Qualifications and Experience as Developer (Volume 2)

- a) *Principal Resumes*: Managing members of the Respondent team, and any other team members having a risk position in the success of the project, should provide résumés. The resume section should note prior experience of team members working together, and locations of individual's home office.
- b) *Financial/Credit References*: Provide three credit references (including at least two financial institutions) and three years' of audited financial statements for the Respondent team members listed in above paragraph, including balance sheet and income and expense information. Include three [3] copies of financial information with the submission, packaged separately in its own envelope, and NOT bound into the 20 copies of the proposals. (CHA and the Receiver will not include the financial information in the distribution of the proposals to the Working Group). The Receiver and the CHA will consider all financial information strictly confidential, reviewing these documents only to determine a Respondent's capacity to carry out the Scope of Responsibilities.
- c) *Detailed Project & Staff Information*: Respondents are free to provide additional information about past projects and experience of its personnel. Information may be included for all relevant projects for which the Respondent team or team members acted as developer, marketing agent, property manager, and/or community supportive services, etc. Respondents should emphasize previous experience with affordable and/or mixed income development. Project descriptions should include unit mix and mix of incomes, any subsidy programs used, the date that the project was placed in service, names of clients, public sector partners and contact information. Respondents proposing rehabilitation at the Jane Addams Site must provide detailed information about experience of the team members in connection with historic rehabilitation, and securing financing related to such work, including accessing the historic tax credit program.

C. Project Approach and Design (Volume 1)

1. Development Approach for ABLA Development Area (not to exceed 5 pages)
Provide an overview of the Respondent's approach and key strategies to achieve the development goals and implement the project.
2. Architectural Plans for Phase 1
Submit architectural designs and plans for the proposed first phase of development. Architectural designs should include a site plan, building elevations, and unit floor plans. Briefly describe the key features of the site, major elements of the building and unit designs, location of units by income category, and how the designs meet the established priorities and goals for this development.
3. Architectural Plans for Jane Addams Site (if proposing rehabilitation)
In addition to the architectural plans for Phase 1, proposals including historic rehabilitation of the Jane Addams Homes must include architectural plans (site plan, building elevations, and unit floor plans). Briefly describe how the designs for Jane Addams meet the established priorities and goals. Include design and construction details and schedule for how the renovation will occur. Consult Section V.5 "Historic Issues" for more information.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

II. Submission Requirements

4. Phasing Plan (not to exceed 5 pages)

Provide a map of the entire ABLA Development Area with specific phases indicated. Also provide a chart for each phase identified on the map, including the block numbers, total number of units, income-mix and ownership, proposed start and completion dates, and an estimated budget. Proposals may include two additional pages of narrative about the strategy behind the Phasing Plan, how it meets the phasing priorities established in this RFP, and the Respondent's proposed building closure schedule.

5. Detailed Schedule for Phase 1 (not to exceed 4 pages)

Provide a complete and realistic development timetable for each step of development for Phase 1 (from development agreement through occupancy). Proposals including rehabilitation of Jane Addams Homes should include a detailed schedule for the rehabilitation as well.

6. Marketing Plan (not to exceed 2 pages)

Describe the team's marketing plans for the first phase of proposed development, and options for how that strategy may be adjusted for other phases in the Development Area.

7. Resident Participation and Employment Opportunity Plans (not to exceed 4 pages)

Describe the plans to meet the employment of and business opportunities for public housing residents, Resident Owned Businesses requirements, and MBE/WBE's goals. Also describe the team's plans to engage and inform residents and neighbors during the development process. This section should also include a plan to coordinate and supplement the community and supportive services with the existing Service Connector program and HOPE VI CSS Programs described below.

8. Asset Management Plan

Provide a specific plan for asset/property management of the new units including performance criteria, corrective-action procedures, occupancy plans, leasing policies, proposed eligibility requirements, and problem resolution process. The property manager must comply with all requirements, regulations, and policies for the housing types proposed. Respondent should include any standard leasing or management plans and documents as attachments to Volume 2 of their Proposal "Supporting Documents".

D. Financial Plan and Transaction Elements (Volume 1)

1. Financial Plan

The proposal should include a fully completed detailed Development Proposal & Financial Plan for Phase 1 (Submittal #2). The proposal should also include a description of how the development team intends to finance the proposed development for the entire ABLA Development Area. The financial plan should address the priorities and specific financial limitations established in this RFP. If rehabilitation is proposed for some or all of Jane Addams, the financial plan should also provide a separate Development Proposal & Financial Plan for Phase 1 for Jane Addams (Submittal #3).

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

II. Submission Requirements

2. Legal Ownership Structure

The proposal should include a description of proposed ground lease and/or sale arrangements, building and unit ownership, homeowners/ condo/tenant association(s) and structure, property tax issues, ownership structure for any retail, commercial, or non-dwelling spaces, and the strategy for long-term affordability of the public housing units.

3. Business Approach and CHA Return on Investment

The proposal should include a specific fee schedule (See Exhibit D4: DOH guidelines") proposed to implement the development plan including compensation structure and anticipated third party cost-sharing. Respondents must also outline the structure of any proposed return for public investments of land, improvements and capital funds in the project. Respondents should include the proposed transactional vehicle by which the return is accomplished, and projected timing of returns in relation to events in the development timeline.

E. Required Submittals and Contracting Information (Volume 3)

Respondents must complete and submit all of the statements, affidavits and other materials included on the forms which are marked "to be completed" as Submittals (Section IX) included in this RFP.

F. General Submission Procedures

Responses are due no later than 3:00 p.m. CST [Central Standard Time] on August 30, 2002. If delivery is delayed, the respondent must provide a written explanation for the late delivery. Late submissions may be rejected and returned unopened.

A Pre-Proposal Conference will be held on June 24, 2002 at 9:30 a.m. at the CHA Board Room 6th Floor, 626 W. Jackson, Chicago to answer questions regarding this RFP.

Upon receipt, submissions will be reviewed for omissions, and respondents notified of any omissions. Respondents will be asked to provide any missing information within a specified period if, in the Receiver and the CHA's sole discretion, the nature of the omitted material is such that additional time to provide it would not constitute a competitive advantage to the respondent that made the omission. **Respondents are advised to adhere to the submission requirements. Failure to comply with the instructions of this RFP may be cause for rejection of the proposal.**

The Receiver and the CHA also reserve the right to seek clarification of information submitted in response to this RFP at any time if, in CHA, the Receiver and the City's sole discretion, the nature of the clarification is such that it would not constitute a competitive advantage to the respondent of whom the clarification is requested.

Outside of the Pre-Proposal Conference, all questions, requests, and comments should be delivered, mailed, faxed or sent via e-mail to The Habitat Company 350 West Hubbard Street, Suite #430, Chicago Illinois 60610, Attn: Dan Rockafeld

II. Submission Requirements

(facsimile) 312.527.5863 or (email) drockafeld@habitat.com. Questions, requests, or comments received in any other manner will not receive a response and may require recusal of both the Respondent and/or the party who was contacted.

The Receiver and the CHA, with participation by the Working Group, have final approval authority, and reserve the right, at any time and in their sole discretion, to reject any and all proposals and/or to withdraw the RFP. CHA, the Receiver, the City and other participants in the selection process under this RFP will not be liable for any costs or damages incurred in connection with this RFP, including, but not limited to, costs of preparing proposals, participation in any conferences, presentations or negotiations, and legal expenses incurred therein.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

III. Development Area

This Section describes the geography of the ABLA Development Area: Community Area, TIF District, ABLA Development Area, and a chart about specific Sites in ABLA.

COMMUNITY

The ABLA Development Area is located in the Near West Side Community Area #28. The Near West Side is bounded by Kinzie Street to the north, the Chicago River to the east and railroad tracks to the south and west (16th Street & Rockwell Street). The Near West Side Community is home to two major institutions that have generated significant business and employment growth over the last decade: the University of Illinois at Chicago and the Illinois Medical District. The Medical District includes the top-two largest hospitals in Chicago, and UIC is the 12th largest employer. Both institutions are implementing major expansions:

- The UIC South Campus Development east of ABLA includes new student housing, classroom buildings, retail development, and more than 800 units of new housing.
- The Illinois Medical District Development Area to the west of ABLA includes new institutional and research developments, a new state crime lab, an assisted living facility, a child advocacy center, and some retail development.

TIF DISTRICT

The Roosevelt/Racine TIF District is generally bounded by Cabrini St. on the north, Morgan St. and Racine St. on the east, 15th Street on the south, and Ashland Ave, and Loomis Street on the west. The TIF District includes 212 acres (127 acres owned by CHA) consisting of the ABLA Development Area and three other main sites:

- Smyth School, Duncan YMCA and the Inner-City Educational & Recreation Facility;
- Barbara Jean Wright Courts and Marcy-Newberry Association Center;
- Three blocks of industrial/commercial use south of 15th street adjacent to the railroad tracks.

ABLA DEVELOPMENT AREA

The ABLA Development Area consists of 37 city blocks including 5 different sites: Jane Addams Homes, Robert Brooks Homes, Brooks Extension, Loomis Courts, and Grace Abbott Homes. Once providing 3600 units of low-income housing, ABLA was built in stages between 1937 and 1963 with one central heating plant on Taylor Street.

The Civic Resources in the ABLA Development Area include:

Schools	Medill Elementary; Medill Professional Center & Riis Elementary (<i>closed 2001</i>)
Parks	Fosco Park & Fieldhouse; Addams Park
Community Centers	Jane Addams Center (LAC Office); Boys & Girls Club; ABLA YMCA;
Fire Station	Engine 18 located at 1123 W. Roosevelt. New Fire Station pending (<i>Blue Island</i>)
Transportation	CTA Bus routes on Roosevelt, Ashland, Racine, Blue Island & Taylor

Other Civic Resources serving ABLA include:

Library	Theodore Roosevelt Public Library Branch, 1101 W. Taylor
Employment	One-Stop Career Center, 1657 S. Blue Island
Police	12 th Police District, 100 S. Racine

The following table provides some basic statistics about the ABLA Development Area. More detailed information is available in the ABLA Revitalization Plan.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

III. Development Area

Shaded Sites Excluded from New Development

Income Data from June 2000

Site Name	Addams	Brooks	Brooks Ext	Loomis	Abbott	ABLA
Block Numbers	JA1-JA8	RB1-RB6	BE1-BE6	LC1-LC2	GA1-GA15	
Year Built	1938	1943	1963	1951	1955	
Original Units	991	835	450	126	1198	3600
Current Units	881	329	0	126	748	2084
Residential Buildings	28	44	0	2	37	111
Occupied Buildings (#)	7*	44	0	2	37	90
Blks w/ Occupied bldg	JA3, JA4	All	None	All	All except GA11&13	
Current Occupancy	114	327	0	108	490	1039
Occupancy Rate	13%	99%	0%	86%	66%	50%
Ave. Income	\$ 7,032	\$ 9,602	\$ 0	\$ 5,397	\$ 7,178	\$ 7,557
CHA-owned Acreage	23.7	16.6	9.2	3.6	33.4	86.5
Density (units/acre)	37.1	19.8	55.1	34.6	35.9	34.2
Zoning	R-4	Planned Development #4				
Building Type	Walkup / Row	Rowhouse	Gallery Highrise	Mid-rise	Highrise / Row	
Heating Source	Central Heating Plant	Unit/Building-based boilers	NA	Building-based Boilers	Central HP (high rise); Building boiler (row)	
Available for Development?	Yes	No	Yes	No	Yes	
Acquisition Parcels See acquisition chart (Exhibit X).	• Riis School (JA7) closed in 2001	• N/A	• Liberty Shopping Center (BE6) • Roosevelt Frontage (BE1&2)	• NA	• Portions of Roosevelt & Ashland Frontage (GA6,9&10) • Greenhouse Site (GA14) • Addams Park (GA11&13)**	Approx. 17 acres for acquisition
Currently Excluded Parcels	• Museum (JA7)	• Entire Site	• Existing Fire Station (BE3)	• Entire Site	• New Park (GA7) • Community Academy (GA8) • Churches • Jones Sr. Apts. • Nun Site (GA2)	
Non-Dwelling Bldgs for Redevelopment	• Heating Plant (JA3) • Boys & Girls Club (JA8)	• NA	• None	• NA	• Management Office (GA8)	
Property Manager	H.J. Russell Company based in Atlanta. Since May 2000.					

*Consolidation of Jane Addams in progress. 20+ buildings currently occupied will be reduced to 7 by summer 2002.

**Addams Park acquisition part of Land Transfer Agreement with Park District already approved.

Notes:

- **Land Use not determined:** The land use for Blocks JA7 and BE4 have not been determined. Proposals for Block JA7 may consider rehabilitation of the existing school building for community or residential use, demolition and new construction, or park development. Appropriate acquisition/site preparations costs should be included in the budget. Block BE4 is designated for development as a community park or additional mixed-income housing. This land is currently owned by the CHA.
- **Relocation:** The buildings currently occupied for use as temporary relocation housing cannot be closed for redevelopment purposes until an equivalent amount of public housing has been completed.
- **Non-Dwelling Buildings:** The timing for residential development of the occupied non-dwelling buildings on the site should be coordinated with the CHA, the Working Group, and existing tenants.
- **Abbott Homes:** Abbott includes 4 highrise buildings with 580 units and 33 rowhouse buildings with 168 units. The rowhouses are individually heated and fully occupied. They are divided into three areas known as: Rowhouses North, Rowhouses South, and Area D. The highrises are centrally heated and mostly occupied. The "Relocation Building" at 1440 W. 14th street was rehabbed in 1997, and currently houses most of the families relocated from the Brooks Extension buildings. The other three buildings received several million dollars in repairs over the last two years to provide additional relocation resources.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

IV. Development Goals

The selected respondent is expected to submit and implement plans to develop the ABLA Development Area in a manner consistent with the goals and priorities established in the ABLA Revitalization Plan (Exhibit B2). In particular, the proposals submitted by respondents should address the following key goals:

- A. Create a well-designed, stable, diverse, and secure mixed-income community with amenities and services that will attract residents with a diverse range of incomes and backgrounds.
- B. Maximize opportunities for ABLA residents to participate in the redevelopment planning process. Engage community residents of all income levels and backgrounds, local institutions and other stakeholders in the planning and development of the neighborhood.
- C. Create home-ownership opportunities, including home ownership opportunities for public housing residents.
- D. Ensure that the public housing is externally indistinguishable in quality and visual appearance from the other rental housing and that uniformly high design and construction standards are met or exceeded for all housing.
- E. Provide housing designs and site plans that: (1) create defensible space throughout the community; (2) address the historical physical isolation of the site, and reintegrates the public housing site into the greater community; and (3) provide effective means of access to the site for vehicles, pedestrians and bicycles.
- F. Disperse units for each income group throughout the entire redevelopment area to the maximum extent possible, not only within blocks but also within buildings and amongst a variety of housing types.
- G. Provide security to ensure the safety of residents.
- H. Maximize the use of private financing, provide a return on public investment, and minimize dependence on public resources.
- I. Provide high-quality management of the newly developed housing.
- J. Maximize employment opportunities for ABLA residents and other low-income residents of the community, and maximize business opportunities for public housing resident-owned businesses, minority and women-owned businesses, and local firms.
- K. Ensure that all applicable laws with respect to housing and site accessibility for people with disabilities are met.
- L. Affirmatively further fair housing opportunities as required by law.
- M. Maintain the long-term affordability and preservation of the affordable and public housing units.
- N. Provide a durable, healthy, and energy-efficient housing stock.
- O. Ensure compliance with the Memorandum of Agreement regarding historic preservation issues.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

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Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

The ABLA Revitalization Plan will result in a mixed-income residential and mixed-use development. Respondents should recognize that substantial work has been done to reach consensus about the Revitalization Plan. The main text of the Revitalization Plan is included in Exhibit B2.

Context: The ABLA Revitalization Plan is being implemented within the context of CHA's Plan for Transformation, which calls for increased mixed-income housing, demolition of gallery-style high rise buildings, professional property management, and greater integration of city services such as police, social services and physical infrastructure (for more information about the Plan for Transformation see http://www.thecha.org/Agency%20Plan/agencyplan_year3.htm).

This Section is divided into 3 sub-sections addressing the following items:

A. Development Considerations: Includes information about the following:

1. Completed Land Use Plan
- 2. Residential Development
3. Design
4. Phasing
5. Land Acquisition
6. Relocation, Leasing and Occupancy for Public Housing Residents
7. Demolition and Site Preparation
8. Retail and Business Opportunities
9. Supportive Services
10. Resident Employment and Business Opportunities
11. Civic Development Plans
12. Historic Issues

B. Financial Resources: Includes information about:

1. HOPE VI/Public Housing Capital Funds
2. Public Housing Operating Subsidies
3. Other Affordable Housing Development Subsidies
4. Infrastructure Resources
5. Tax Increment Financing
6. Tax Abatement for Public Housing
7. Historic Tax Credits
8. Property Tax Assessment Freeze

C. Transaction Elements: Includes information on expected arrangements for:

1. Land
2. Total Project Costs
3. CHA Return on Investment
4. CHA Right of First Refusal

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

A. Development Considerations

1. Completed Land Use Plan: A master land use plan for the ABLA Development Area is included as Exhibit B1. This plan was developed over a period of more than four years and has substantial support within the community and public institutions. It is a priority to reestablish the City's historic street grid throughout the Development Area, in order to provide street patterns and housing types compatible with the character of the community. The reestablished street grid should also result in improved public safety, lighting and access for pedestrians, vehicles and bicyclists.

The majority of the Development Sites south of Roosevelt Road are part of Planned Development #4 (Exhibit F2). CHA and Habitat intend to work with the Department of Planning to amend Planned Development #4 to include the Jane Addams Site, and also to reflect the overall program set forth in the Revitalization Plan. The selected Master Developer will be expected to assist CHA and Habitat as necessary and assume responsibility for finalizing the amendment to the Planned Development ordinance.

2. Residential Development: The ABLA Revitalization Plan concluded that the density throughout the ABLA Development Area should consist of 29-33 units per acre (gross). It also concluded that the redeveloped ABLA community should contain a minimum of 1084 public housing units (37% of the total), 846 affordable units (30% of the total), and 966 market rate units (33% of the total).⁴ These totals include the 329 public housing units already completed during the reconstruction of the Brooks Homes and the 126 units of affordable housing to be renovated at Loomis Courts. This distribution of units and this ratio of public housing to affordable to market rate units comply with the Order issued by Judge Marvin Aspen, dated June 18, 1998 in the case Gautreaux v. CHA et. al., United States District Court, Northern District of Illinois ("ABLA Revitalizing Order," Exhibit M).

In response to this RFP, proposals for the ABLA Development Area should comply with the Plan's density requirements and should produce a unit mix as follows:

Unit Type	Number of Additional Units to be Developed under this RFP	Units Already Completed/Planned by other	Total Number of on-site units in ABLA
Public Housing	755	329	1084
Affordable Housing	720	126	846
Market Rate Housing	966	0	966
TOTAL	2441	455	2896

Of the minimum 2,441 units to be produced by the Master Developer in the ABLA Development Area, at least 620 units should be provided within the Jane Addams

⁴These totals do not include the 383 units of off-site public housing to be produced, which are not the subject of this RFP.

⁵ The overall ratio of units across the entire ABLA Development Area will include a mix that is 37% public housing, 30% affordable, and 33% market rate, as the Brooks Homes include 329 units of reconstructed public housing, and the Loomis Courts will include 126 units of renovated affordable housing.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

Site. Within the Affordable Housing category, 50 of the units should be targeted for Homeownership by CHA families in ABLA with incomes at 45% or above of AMI. The remaining 670 affordable units should be evenly divided between rental (0-60% AMI) and homeownership (60-120% AMI).

Proposals may include more than the minimum number of units listed in the Revitalizing Plan. However, if the minimum number of units is exceeded, the densities should be in character with the adjacent residential communities, the development should be financially feasible, it must satisfy the appropriate zoning regulations and the ratio of units across income categories should not be substantially altered.

The proposal should disperse units for each income group throughout the entire ABLA Development Area to the maximum extent possible, not only within blocks but also within buildings and in a variety of housing types.

Public Housing units should have a bedroom distribution that is proportional to the needs of families in ABLA (see Exhibit B6: Distribution of Occupied Units in ABLA by Bedroom Size and Household Size). Of the 602 families currently living in Addams and Abbott, 34% are single-person households, 16% are 2-person households, 15% are 3-person, 15% 4-person, 10% 5-person, and 10% 6-person or more.

The Affordable Housing⁶ and Public Housing units will be developed in conjunction with various city and/or state programs for affordable housing (specific information on these programs is included in the financing Section V.B below). The selected developer is required to secure participation in and comply with all requirements for any affordable housing program utilized in this development. In general, affordable rental units should be affordable to and occupied by families with incomes of no more than 80% of AMI (60% for "Tax Credit" units). Affordable for-sale units should be affordable to and occupied by families with incomes of no more than 120% of AMI. Affordable for-sale units should include: a variety of unit types and bedroom sizes for a range of household sizes and incomes; no luxury amenities; internal price subsidies from market rate housing profits.

The market rate units will be developed solely by the selected Respondent; therefore, the ownership, pricing, unit mix, and building types are at the discretion of the Respondent. However, market rate units should be externally indistinguishable from the public housing and affordable housing units, and dispersed throughout the entire site, as previously indicated. Market rate housing should be free of all public subsidies and should generate a profit, to be shared with CHA and/or DOH for reinvestment in the ABLA Revitalization development. Results of a Residential Market Study prepared for the Revitalization Plan are available for review in the Public Viewing Room (see page 49).

⁶ "Affordability" is calculated as 30% of total gross household income for all housing expenses, including rent or mortgage payments, utilities, taxes, property and mortgage insurance, and any condominium assessment fees.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

3. **Design:** As indicated in the Revitalization Plan, the housing designs should represent a variety of building types and styles that are compatible with traditional turn-of-the-century Chicago neighborhoods. Respondents should review the design concepts set forth in the Revitalization Plan for guidance. An important design element is housing that faces the street with rear entries on alleys. Residential buildings should range in height from two to four stories, and include a mix of three, four and six flats as well as duplexes and single-family homes. Retail uses may be incorporated into the designs as appropriate. Proposals should avoid a reliance on a single type of structure, so that building types, unit sizes, and design styles are dispersed throughout the Development Area. All units should be designed and built as efficiently as possible to economize on public financing for buildings.

Designs must include housing that is accessible, adaptable and visitable by people with disabilities. The CHA, the Receiver, and the City of Chicago place a high priority on meeting and exceeding Federal, State and City requirements for accessibility. Federal requirements include Section 504 of the Rehabilitation Act of 1973, which requires 5% of all government owned or financed units to be accessible per ANSI A117.1 (Type A). The Fair Housing Amendments Act (FHAA) requires every covered dwelling unit in a privately financed or government financed structure that contains 4 or more units to meet ANSI A117.1 Type B requirements. State requirements include the Illinois Accessibility Code (IAC) which requires government owned or financed units which consist of five or more dwelling units on each project site to contain at least 20% of the total unit count to be Type A Units. IAC also covers elevator buildings and buildings that are 4 stories or more with 10 or more units. In addition, the City encourages that at least 10% of the total units are visitable by a person with mobility impairment. City policy encourages that all privately financed, market-rate units meet the Department of Housing, *New Homes for Chicago* design requirements of 10% adaptable and 10% visitable.

Accessibility Requirements:	CHA and Affordable Units	Market Rate Units
Mid-rise and High-rise Buildings Buildings that are 4 stories or more, 10 or more units	20% of the total units to be Type A Units	20% of the total units to be Type A Units
Walk-Up Buildings Includes all buildings not covered above.	5% Accessible, 15% Adaptable for a total of 20% accessible/adaptable.	0% Accessible, 10% Adaptable
Fair Housing Amendments Act All ground floor units and all units served by an elevator in a 4 unit structure must comply with the seven accessibility guidelines	All other ground floor and elevator units in buildings containing four or more units to meet ANSI A117.1 Type B requirements	All other ground floor and elevator units in buildings containing four or more units to meet ANSI A117.1 Type B requirements
Visitable Units	10% of the total number of units	10% of the total number of units

Additional design requirements for accessibility are listed in Exhibit I1.

V. Development Guidelines and Information

Units should be designed and built to be durable, healthy, and energy efficient. The ENERGY STAR Program helps market and develop housing that is less costly, higher quality and healthier (see <http://www.energystar.gov/> for more information). Consideration will be given to proposals that address one or more of the following issues with little or no increase in development/subsidy costs: energy efficiency, water conservation, heat buildup minimization (roof and paving systems), storm water minimization, indoor air quality, recycled materials and practices as appropriate, and indigenous plant species for landscaping.

A Design Competition was held for the Block BE1 of the Brooks Extension Site during the summer of 2001. A proposal from Brian Healy Architects of Boston was selected as the winning design (see Exhibit J for designs and contact information). Respondents are encouraged to incorporate the winning design in the development plan for this block. Additional consideration may be given to proposals that integrate portions of the winning design on other blocks of the Development Area.

4. **Phasing:** Respondents are expected to provide a phasing schedule, unit mix, budget, and location for roughly 7-10 specific development phases over a total period of 10 years to implement the total development plan. This overall timeline is based on an assessment of the available financing, the projected absorption rates for the sale and rental of new homes, and the ability and timing to complete new construction, demolition of existing units, and resident relocation.

In preparing the phasing schedule, respondents should address the phasing priorities identified by the CHA, Habitat and the ABLA Working Group. These priorities include:

- Development within each phase should occur on the north and south sides of Roosevelt Road in an equitable and proportional manner.
- Development should minimize displacement of current residents.
- Development should begin on sites where buildings are unoccupied or property is vacant and available for development.
- Development should be coordinated with demolition, relocation, and infrastructure requirements for that site.
- Development should be strategically coordinated with the anticipated decommissioning of the central ABLA Heating Plant (see Section V.7).
- The phasing schedule should consider its impact on financing plans, such as:
 - How acquisition/development will affect the marketability and valuation of adjacent sites;
 - How profits on market-rate units could subsidize the different phases of the development.

5. **Acquisition:** The Revitalization Plan identified certain parcels that are subject to acquisition. The ownership and valuations of these parcels are detailed in the Map and Chart in Exhibit B4 and B5. Funding for all acquisition (except Addams Park) must be included in the development budget. The selected respondent is expected to work closely with the City, CHA, and the Receiver in coordinating all acquisition efforts. Acquisition responsibility also includes relocation of current occupants (if any) and demolition of current buildings on the parcels acquired.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

The Jacob Riis School parcel on Block JA7 was closed in 2001. The Riis School parcel is currently owned by the Chicago Public Schools and is available for acquisition for non-educational uses. As noted, the land use for Block JA7 has not been determined, and proposals may consider rehabilitation of the existing school building for community or residential use, demolition and new construction, or park development. Proposals to develop this parcel must include appropriate acquisition and site preparation costs in the budget.

Block BE6 (formerly known as the "Liberty Shopping Center") is owned by Chicago Metropolitan Housing Development Corporation ("CMHDC"). CMHDC is a not-for-profit housing development company that has worked with CHA to facilitate the development of low income and public housing. CMHDC has indicated that it intends to dispose of this parcel to the selected Master Development Team with an appropriate rate of return for its investment on this parcel. Acquisition costs for this parcel should be included in the project budget.

Addams Park (Blocks GA11 & GA12) is to be acquired by the CHA for residential development from the Chicago Park District pursuant to a land transfer agreement already approved by both organizations. Funds for this acquisition do not need to be included in the project budget.

For the remaining acquisition parcels in the Area (described below), the City has committed to assist with the acquisition of these parcels through the use of its acquisition authority and powers of eminent domain, to the extent such powers are necessary. These parcels have been approved for acquisition by City Council as part of the Roosevelt/Racine TIF legislation.

- The northern parcels of Blocks BE1 and BE2 facing Roosevelt Road have been identified for acquisition. DPD has begun acquisition of parcels in the 1300 block of Roosevelt Road on behalf of the CHA and the Receiver. It is expected that the acquisition of this block will be complete by 2003. Proposals should include development plans for the entire site, as well as acquisition costs for the Roosevelt Parcels.
- The parcels facing Roosevelt Road on Blocks GA1 & GA2, north of the alley have been identified for potential acquisition. These parcels are only 80 feet in depth. These parcels are partially occupied with existing businesses that may be incorporated into the development plan. Proposals should include development plans for these parcels, as well as acquisition costs.
- Portions of four underdeveloped blocks facing Ashland Avenue west of the Alley could be acquired for development (GA3, GA6, GA9 and GA10). These parcels currently include are some private residential dwellings and smaller companies. A small grocery store is located on the corner of W. 13th Street. These parcels could be developed for retail/commercial uses (possibly with residential above) based on the success of the retail center at Ashland and Roosevelt.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

- A parcel located in the northeast corner of "Area D" on Block GA13 (approximately 0.9 acres) may be available for acquisition from Growing Home, a non-profit organization that once planned to build two greenhouses on the parcel. Although there are significant environmental concerns on the site, respondents may consider commercial or residential development of this parcel. If development is proposed, the budget must include appropriate funds for acquisition and environmental remediation.

Finally, there are a number of underdeveloped blocks of industrial buildings just south of the ABLA Development Area across 15th Street and just north of the existing railroad tracks, between Racine and Ashland ("Potential Development Area" on the ABLA Land Use Map, Exhibit B1). Respondents may consider these blocks for acquisition and development as part of the ABLA mixed-income residential development program. A Residential Market Study prepared in June 2001 considered the possibility of developing these properties into market-rate housing, and some preliminary architectural renderings were developed. The results of these studies and appraisals are available for review in the Public Viewing Room (see page 49). If developed as market-rate or mixed-income housing, the southern blocks of the ABLA Development Area might be able to be developed more successfully, particularly in stimulating demand for market-rate units. Additionally, these blocks are within the Tax Increment Financing District, so their development would create additional revenues for the TIF.

6. Relocation, Leasing and Occupancy for Public Housing Residents:

Relocation of the existing ABLA families and property management for the existing ABLA units is the responsibility of CHA and/or its agents. CHA's Relocation Department will be responsible for coordinating all relocation and consolidation activities pursuant to the Relocation Rights and Housing Choice Contract (Exhibit A3). Since May 2000, ABLA has been privately managed by H. J. Russell & Co. The selected respondent should work with the existing property manager and the CHA Relocation Department to ensure a smooth transition as residents are moved into new units.

As part of the phasing plan, respondents should submit building closure schedule for the occupied buildings (see Submittal #1, Submittal Checklist). The building closure plan should enable as many families as possible to remain on site throughout the redevelopment, given the physical constraints of the site such as building conditions, heating requirements, and adjacent demolition/construction.

Upon completion of construction, the new public housing units and the for-sale units targeted to public housing residents will be made available for occupancy first to ABLA residents in CHA occupancy as of October 1, 1999 (both on-site and off-site). Some former residents of the site have chosen other temporary housing options such as Section 8 / Housing Choice Vouchers or other public housing units and also have priority to return to newly developed ABLA units. Public Housing residents must remain lease compliant under the terms of the Relocation Contract to be eligible for the new public housing units. The property manager for the selected respondent may review the re-certification records of residents with respect to lease compliance and compliance with any approved property-specific occupancy requirements.

V. Development Guidelines and Information

7. Demolition and Site Preparation: Structural demolition and foundation removal for the existing CHA-owned buildings in the Development Area is the responsibility of CHA. These demolition costs do not need to be included in the development budget. The ABLA Land Use Map describes the demolition status of the Area (see Exhibit B1).

Additional site preparation beyond demolition will be the responsibility of the selected respondent, working in conjunction with the CHA, the Receiver, and the City. This may include additional work to address any remaining environmental issues, including soil testing and remediation as necessary. The development budget should include funds for any additional expected environmental costs.

The CHA completed a Phase One Environmental Assessment of the ABLA Development Area in 1999 and identified specific areas where additional investigation is necessary. A NEPA assessment was also conducted of the ABLA Redevelopment Plan in 1999 to determine the overall plan's compliance with various national policies. This assessment resulted in a Finding of No Significant Impact published in November 1999. A summary of the Environmental Assessment with maps and other documents is included as Exhibit E.

In preparing the site for redevelopment, proposals should take into consideration the impact of the current heating system. The existing ABLA Heating Plant is a 12,000 square foot facility built in 1938 that currently provides heat and hot water for the occupied residential units in Jane Addams Homes, the four occupied high-rise buildings in Abbott, the management office and the Jane Addams Center (1254 S. Loomis) where the LAC Offices are located. Except these buildings, all other buildings in ABLA have been disconnected from the main heating plant. However, a vast distribution network of underground pipes and tunnels exists and the development plan must address the impact of their decommissioning and removal on the development schedule. Removal of these underground distribution systems should be included in the development budget.

Certain technical documentation related to site preparation can be reviewed by appointment at the Public Viewing Room (see page 49) by prior appointment.

8. Retail and Business Opportunities: The Revitalization Plan concluded that retail services should be an integral part of a successful development within the ABLA community. The Revitalization Plan includes plans for new retail that builds on existing needs and conditions. A Retail Market Study to identify where additional retail would be appropriate, upon whose findings the Plan was based, can be reviewed by appointment at the Public Viewing Room (see page 49). Briefly, these plans include:
- Provide opportunities for additional retail along Taylor Street to complement the existing commercial uses, creating a seamless link between the existing restaurants and stores.
 - Provide a limited amount of neighborhood-based convenience retail south of Roosevelt Road to enable residents to walk for their convenience goods.
 - Provide additional retail across from the new Jewel/Osco supermarket and 100,000 s.f. retail development that opened at the corner of Ashland and Roosevelt in January 2002.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

Proposals should include plans for retail services to address these goals (see Submittal #1, Submittal Checklist). Respondents are encouraged to develop building types that would include retail or office uses on the ground floors with residential above. A limited number of dedicated retail buildings will be permitted based on how neighborhood integration and function are improved. Retail development will be required to comply with all zoning, parking and building requirements. Retail development is expected to contribute the resources necessary for their development and operation free from any public subsidy.

For the Jane Addams Site, proposals should specify the amount and type of retail uses. Taylor Street is an already congested area with increased retail generating additional need for parking. The Revitalization Plan identified a proposed location where a parking structure could be located. Respondents can propose creating a parking structure within the site. However, public funding will not be made available for such a structure, and respondents would need to submit a financing plan to show that it would be feasible. If no parking structure were developed, respondents should specify how the development would address the parking needs in the area. For those respondents who propose to rehabilitate Jane Addams Homes, they should also develop proposals that will address the need to create some retail frontage along Taylor Street.

For the Abbott and Brooks Extension Sites, respondents may include proposals to provide a small portion of space for small retail or office uses on the first floors of major corner or thoroughfare buildings, including properties along Roosevelt Road (as identified on ABLA Land Use map, Exhibit B1).

Preference will be given to proposals that maximize partnerships with, or business opportunities, for public housing Resident Owned Businesses⁷ and other commercial opportunities that involve residents of ABLA.

9. Supportive Services: Community and Supportive Services (CSS) are a critical component to the success of this redevelopment, and specific services are being developed to assist public housing families. A detailed CSS Plan has already been prepared and approved by HUD (Exhibit K2). The primary entities responsible for implementing and administering the CSS Plan have already been identified. Any additional programs proposed by respondents should supplement the existing CSS plans for ABLA.

As part of the Service Connector Program, the Marcy Newberry Association has a contract to connect ABLA residents with the wide variety of social service programs available to residents of the community and the City of Chicago.

⁷ A "resident-owned business is a "concern which is owned and controlled by public housing residents . . . 'owned and controlled' means . . . at least 51% owned by one or more public housing residents. . ." See 24 CFR § 963 for further clarification.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

Additionally, a CSS Program Manager will administer key elements of the CSS Plan. The CSS Program Manager will:

- Facilitate three community task forces: one each for education, employment and healthcare who will be charged with identifying specific needs in each area.
- Prepare specific development, financing and ownership plans for the Community Academy
- Prepare a feasibility study and plan for the public housing museum.

The selected development team will be expected to coordinate supportive services through the Service Connector program and the HOPE VI CSS Programs, but will not assume the lead role in implementing the CSS Plan. Respondents to this RFP will be ranked in part on their proposed plan and past experience in coordinating with providers of supportive services and referral networks in communities where the respondent has planned or developed housing. Descriptions of the ABLA Service Connector Plan and the HOPE VI CSS Plan are attached as Exhibit K.

10. Resident Employment and Business Opportunities: The CHA is committed to creating employment and business opportunities for qualified public housing residents, Resident Owned Businesses, and other Minority Business Enterprises/Women Business Enterprises. This development program provides valuable opportunities for residents to gain skills and experience that are valuable to other employers and clients. Consideration will be prioritized for Respondents that will assist residents and resident-owned businesses and MBE/WBE's in becoming competitive in the broader marketplace of business opportunities that are not CHA-related. Additionally, Respondents are encouraged to propose creative intern and apprentice opportunities for ABLA residents interested in professional level positions as part of the Respondent's Section 3 Plan.

Both the CHA and the City have Resident Owned Businesses, and other Minority Business Enterprises/Women Business Enterprises employment and subcontracting requirements with which Respondent proposals must conform under this RFP. These include: 1) CHA and HUD Section 3 low- and very-low income hiring requirements, 2) City of Chicago and CHA Minority Business Enterprise ("MBE") and Women Business Enterprise ("WBE") requirements, and 3) City of Chicago Local Hiring requirements. Documents that detail these requirements are included in Exhibit C. Respondents interested in firms certified by the City for MBE/WBE compliance can obtain a list from the City's Department of Purchasing, City Hall Room 403, 121 N. LaSalle Street, Chicago, IL 60602 (www.cityofchicago.org). Respondents are required to submit a plan to meet these requirements.

Additional information on CHA's MBE/WBE policies is available on the CHA website at http://www.thecha.org/Business_Services/mbe_wbe_req.htm and is included as Exhibit C3. Information on CHA's Section 3 policies is included in Exhibit C2. A list of certified Resident Owned Businesses is available from CHA/Habitat upon request. For more information about the City's hiring and contracting requirements, see the City of Chicago Web Site at <http://www.ci.chi.il.us/Purchasing/MBEWBE/Directory.html>.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

11. Civic Development Plans: There are plans for a number of new civic facilities in and adjacent to the ABLA Development Area. This includes a new police station, a new fire station and two new parks.

The City plans to relocate the Chicago Police Department's 12th District Station from 100 S. Racine to a new police station on the southwest corner of Ashland Avenue and 14th Place (across from Block GA12).

The Chicago Fire Department plans to move Engine 18 to a new firehouse on the southwest corner of Racine Avenue and 14th Place (across from Block GA 14). The new station will replace the current local firehouse at 1123 W. Roosevelt Road.

A new Fosco Park Community Center will be constructed at 13th St. and Racine on the Brooks Homes Site. The Public Building Commission is finalizing architectural drawings for the 57,000 sq. ft. center scheduled for completion in late 2003. The Chicago Park District will own the facility, which includes an indoor pool, outdoor water park, gymnasium, 100 day-care slots, arts and crafts spaces, multi-purpose rooms, playgrounds and a softball field.

In future years, a new park will be developed on Block GA7. The Chicago Park District will own and operate this new park, although funding has not been identified for its development. The selected respondent should work with the Chicago Park District to help identify funding for this park, and possible community sponsorship through the homeowners association or similar mechanism.

12. Historic Issues: The ABLA community is located in the center of a neighborhood that has experienced constant and often dramatic change from its earliest days in the 1850s to the present. A summary of ABLA's neighborhood history is included in Exhibit L1. Excerpts of Devereaux Bowley Jr.'s book, The Poorhouse: Subsidized Housing in Chicago, 1895-1976 are also included in Exhibit L2.

The Jane Addams Homes were among the first public housing units constructed in Chicago. In 1994, the National Park Service concurred with the Illinois State Historic Preservation Officer's 1993 opinion that the Jane Addams Homes were eligible for listing on the National Register of Historic Place under National Register Criteria A in the areas of Community Planning and Development and Social History. In 1998, the CHA, the City of Chicago, HUD, the Illinois State Historic Preservation Officer and the National Advisory Council on Historic Preservation executed a Memorandum of Agreement outlining specific consultation requirements for the redevelopment of the Jane Addams Homes site

The determination by SHPO was based on the historian Paul R. Lusingan's review that stated:

"Jane Addams Houses: Eligible under National Register Criterion A in the areas of Community Planning and Development and Social history, as the earliest and largest of Chicago's three PWA built experimental demonstration projects. Completed in 1938, the rather austere housing project's two- three-, and four-story units reflect the

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

initial prototypical responses of architects John Armstrong, Melville Chatton, Earnest Grunsfield, Frederick Hodgdon, John Hollabird, Ralph Husjagh, Elmer Jensen, Phillip Maher, John Merrill, and Chester Wolcott to the requirements of federally-subsidized urban housing for the poor. The layout, density, and architectural severity of the housing units are intact and represent the historic constraints of both federal design mandates and program funding during the period. The complex is a significant local example of America's emerging policies for publicly subsidized housing during the 1930s and 1940s." (A copy of this review is included in Exhibit L5).

In 1998, the CHA, the City of Chicago, HUD, the Illinois State Historic Preservation Officer and the National Advisory Council on Historic Preservation executed a Memorandum of Agreement outlining specific consultation requirements for the redevelopment of Jane Addams Homes (Exhibit L3).

As described in the MOA, the ABLA redevelopment process must consider the adverse impact of redevelopment on the Jane Addams Homes. This RFP satisfies the requirements set forth in the MOA by including an opportunity for respondents to consider the rehabilitation of the Jane Addams units and by requiring conformance of the developer selected to the interpretive exhibit requirements of the MOA.

Respondents may include proposals to rehabilitate all or a portion of the Jane Addams Site. Such rehabilitation proposals should reflect the principles established within the Revitalization Plan for the future of the Jane Addams Homes. Any proposal that includes any rehabilitation of the Jane Addams Homes must be physically and financially feasible, and must fulfill the housing unit sizes as described in the "Distribution of Occupied Units in ABLA by Bedroom Size and Household Size" chart (Exhibit B6), as well as the mixed-income proportions established in the RFP and the Revitalization Plan.

Respondents are permitted to submit proposals for partial or complete rehabilitation, as well as proposals for new construction, and the demolition of all existing Jane Addams Homes. In preparing its proposal, respondents must ensure that any proposed rehabilitation and/or new construction complies with all Federal, State and City building codes, parking, open space and zoning requirements, including all regulations related to fire exits and people with disabilities. A proposal for rehabilitation of Jane Addams Homes must also adhere to the requirements set forth in the U.S. Department of the Interior, National Park Service's *Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings* from 1992 (Exhibit L6).

Proposals for the Jane Addams Homes must provide for no less than a total of 620 units of housing. Proposals must include a distribution of unit sizes and income categories that are disbursed throughout the site to the maximum extent possible, not only within blocks but also within buildings and in a variety of housing types. To the extent possible, the site design should attempt to reintegrate the existing street grid in Jane Addams to reduce the size of some of the larger blocks within the Jane Addams Homes. Finally, as noted in Section V.A.8. of this RFP, the units to be provided on Taylor Street should be developed to allow for the inclusion of retail or commercial uses along the street front. Respondents can review the floor plans for the existing Jane Addams buildings by appointment.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

In Sections V.B.7 and V.B.8, this RFP contains information about certain historic preservation subsidy programs that may be available if the units are rehabilitated. In exploring the financial feasibility of rehabilitation, Respondents should review the benefits offered by several existing programs including the Federal Tax Credit for Rehabilitation of Historic Buildings (Exhibit L7) as well as the Property Tax Assessment Freeze for renovation of historic buildings.

In addition to the financing plan, a specific architectural plan must also be included for the development of the Jane Addams Homes. For those respondents considering rehabilitation, this RFP includes the results of an architectural study prepared by Walsh Construction in 2001 ("Summary Costs for Jane Addams Conversion", Exhibit L9). This study also evaluated the costs of such a conversion. The Summary Costs for Jane Addams Conversion should not be considered conclusive but it is a source of information about the existing properties. The Summary Costs for Jane Addams Conversion was based on an architectural review of converting an existing building into a modern market-rate apartment/condominium building. These drawings can be reviewed at Habitat by appointment.

The selected respondent will also be expected to work with CHA and Habitat in complying with the MOA's requirement that an interpretive exhibit be developed. As part of the Revitalization Plan and at the determination of the Working Group, a potential building within Jane Addams building was identified for preservation and use as a potential museum. The proposed building is located on the southern side of Taylor Street at 1100 S. Lytle and identified in Exhibit L10. The specific building could be replaced with another building within the site for a potential future use as a museum. Under the direction of the ABLA Working Group, the Telesis Corporation is currently preparing a museum development feasibility plan that is expected to be completed in January 2003.

A number of animal-shaped play sculptures were created for Jane Addams Homes when it was completed originally in 1938. The CHA expects to restore and preserve these sculptures, possibly relocated to other parts of the ABLA Development Area.

In addition to the Jane Addams Homes, two buildings within the ABLA Development Area have been classified as potential historic resources. These include the St. Stephenson's Church at 1319 S. Ashland, and the Medill Intermediate School (now Medill Professional Center) at 1326 W. 14th Street. One building immediately adjacent to the ABLA Development Area has is also a potential historic resource: the A&F Pallett Company at 1515 W. 15th. The ABLA Revitalization Plan calls for these buildings to be retained and integrated into the redeveloped community.

Finally, the MOA requires that prior to any partial or complete demolition activities affecting sites with historic status, the Illinois Historic American Building Survey/Historic American Engineering Record must accept and approve recordation documentation of the affected buildings, in consultation with the SHPO. It is expected that the selected respondent would work at the direction of the CHA and the Receiver, in cooperation with the City and HUD to ensure these requirements are satisfied expeditiously, should they be required at all.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

B. Financial Resources

1. HOPE VI Funds / Public Housing Capital Funds: 1996 and 1998 HOPE VI grants were awarded to CHA and the Receiver to fund the redevelopment of ABLA. It is expected that approximately \$44 Million of HOPE VI funds will be made available in the form of loans for the development of public housing units in a mixed-income housing development. This amount is an estimate, and is subject to final plans for the development of the ABLA Development Area. However, Respondents should use this number in developing a financial feasibility plan for the ABLA Development Area. It is expected that the HOPE VI resources will not be sufficient to complete all of the public housing units required for the ABLA Development Area. Respondents are expected to develop a financial proposal that identifies when such funds would be depleted, how many public housing units those funds would have provided, and then to recommend proposals for creating the remaining public housing units. Respondents will be ranked, in part, on their ability to maximize the value of these public housing funds. CHA, the Receiver, and the City will work with the selected Master Developer to identify additional funds to address any gap in financing for public housing units that result from insufficient HOPE VI funding.

In order to take advantage of such funds, owners and other funders of the property must accept a restriction requiring that the public housing units be operated as such for a minimum of 40 years. This restriction must be recorded prior to any other lien against the property, with the intention to survive foreclosure, refinancing and changes of ownership.

Additional restrictions on these funds include HUD's Total Development Costs (detailed in Exhibit D2). Note that the Total Development Cost thresholds apply to new construction of public housing units. Any public housing units developed under a rehabilitation proposal are limited to 90% of Total Development Cost.

2. Public Housing Operating Subsidy: Public housing units in mixed-income developments are eligible for public housing operating subsidies. As part of the Moving to Work Agreement with HUD and due to anticipated changes in federal formulas, CHA's annual per-unit allocation of operating subsidy has changed and will likely change again prior to placing in service units in the new development. Subject to Congressional appropriations, CHA expects to make available \$310 per unit-month (PUM) for operating costs. This figure currently includes actual rents collected from the development's public housing residents. Use of the Public Housing Operating Subsidy currently requires that units must be operated as public housing for a period of 10 years following any cessation of the Operating Subsidy⁸.

If utilities are paid by the development and charged to the public housing residents as part of their rent, an additional utility allowance is available to the development. If utilities are paid directly by public housing residents, the landlord will pass the utility allowance through to the resident. CHA will also reimburse landlords for CHA's pro rata share of common area utilities not paid by residents. Further information on operating subsidy levels and utility allowances is available upon request.

⁸ Note: CHA is negotiating the applicability of this "10-year tail" with HUD as part of the 2002 Moving To Work Agreement Amendments
June 17, 2002

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

3. Other Affordable Housing Development Subsidies: The DOH makes allocations of LIHTC's, tax-exempt bond financing, Community Development Block Grant (CDBG) and HOME funds, subject to approval by the City Council. Tax-exempt bond funding, LIHTC's, loans and mortgage insurance may also be available from the Illinois Housing Development Agency (IHDA) upon application. The Federal Home Loan Bank also makes soft loan funds available for affordable and mixed-income housing development.

For market-rate and/or affordable homeownership units, DOH offers access to construction financing through its HomeStart program. HomeStart is a fee for service program in which the developer earns a fixed fee for designing, constructing and marketing housing units for owner occupancy on City land. The City retains ownership of the housing units as they are constructed, and is entitled to receive all proceeds of the sale. Resources in the HomeStart program are available. It is possible that a portion of the ABLA Development Area could be transferred to the City and developed as a Homestart project. Further information on City of Chicago affordable housing programs is available upon request.

DOH also manages the New Homes for Chicago program. New Homes for Chicago makes home ownership affordable to individuals and families earning up to 120% of area median income through a combination of developer and buyer subsidies. Resources in the New Homes for Chicago program are much more limited than the HomeStart program.

A homeownership policy for qualified public housing residents utilizing the Section 8 / Housing Choice Voucher Program has been approved by the CHA Board of Commissioners. This "Choose to Own" program would allow public housing residents to purchase for-sale housing, if they apply and meet criteria for employment, income and self-sufficiency. The text of the Homeownership Policy is included in Exhibit E1. Respondents are invited to describe the mechanics for implementing such a program that complies with the Homeownership Policy. Neither HOPE VI Funds nor other CHA capital funds will be utilized to develop or subsidize the CHA homeownership units.

For more information on mixed-finance public housing development, refer to 24 CFR Part 941 ("Public Housing Development"), Subpart F ("Public/Private Partnerships for the Mixed Finance Development of Public Housing Units"). A general description of HOPE VI Mixed-Finance Public Housing Development is included in Exhibit D1.

4. Infrastructure Resources: The City of Chicago will reinstate certain portions of the standard street and infrastructure grid, as indicated on the ABLA Land Use Plan, as set forth in Exhibit B1, on a phased basis to be developed in coordination with the ABLA Working Group, the City of Chicago, and the selected respondent. This effort will include dedication of the streets and public alleys back to the City as well as certain infrastructure improvements. The City will assume responsibility for the construction of the new streets, public alleys, sidewalks, parkways and public utilities. Construction of all other landscaping on the Development Area will be the responsibility of the selected development team and costs for these improvements must be included in the project budget.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

V. Development Guidelines and Information

5. **Tax Increment Financing:** The City has established the Roosevelt/Racine Tax Increment Financing ("TIF") District that includes the site. Tax revenues generated by the redevelopment project over time may be used to fund TIF-eligible costs of the development. The Roosevelt/Racine TIF documents are included in Exhibit G.
6. **Tax Abatement for CHA Units:** CHA units in privately owned, mixed-income developments are eligible for abatement of real estate taxes (Exhibit D5).
7. **Federal Historic Tax Credit Program:** The Jane Addams Homes could be eligible for benefits under the Federal Historic Tax Credit Program intended for structures on the National Register of Historic Places maintained by the Department of Interior. The 20% tax credit benefit is offered by the Internal Revenue Service and administered through the State Historic Preservation Office and the National Park Service, which issues detailed regulations for rehabilitation work. The developer must submit the Historic Preservation Application to the State Historic Preservation Officer (SHPO), who forwards the application to the national level for final review.

More detailed information about the historic tax credit is included in Exhibit L7 and can be found at the National Park Service's web site at <http://www2.cr.nps.gov/tps/tax/index.htm> and <http://www2.cr.nps.gov/tps/tax/IRS.htm> or by contacting the State's Historic Preservation Officer at the address below:

Illinois State Historic Preservation Officer
Illinois State Historic Preservation Agency
Preservation Services Division
One Old State Capitol Plaza
Springfield, Illinois 62701
Tel: 217.785.9045

8. **Property Tax Assessment Freeze:** The Property Tax Freeze program is an Illinois program that freezes the assessed valuation of an historic property for eight years. Throughout this time period, property taxes remain at the level of the year rehabilitation begins. The historic tax freeze programs apply to historic structures listed on the National Register of Historic Places or which have been designated by an approved local historic preservation ordinance.

The program is to be used for single-family, owner-occupied residence or condominium, or as a cooperative, or as an owner-occupied residential building with up to six units. For additional information, please see the following websites:

<http://www.state.il.us/HPA/ps/taxfreeze.htm>
http://www.landmarks.org/about/lpci_copy.htm
<http://www.cityofchicago.org/Landmarks>

* The Jane Addams Homes have been determined to be eligible for listing in the National Register of Historic Places.
June 17, 2002

V. Development Guidelines and Information

C. Transaction Elements

1. Land: For portions of the ABLA Development Area to be developed for rental units, CHA intends to enter into a long-term lease of its land. CHA's land lease will contain public housing use restrictions discussed above, including rent escalators if the public housing use is not preserved. For portions of the site to be developed for home ownership, CHA will consider sale of its land based on specific proposals, if the CHA is compensated appropriately.
2. Total Project Costs: The financial plan and project budgets must include all costs associated with the development including construction, architectural and engineering design fees, financing & closing costs, developer overhead and profit (see restrictions in Exhibit D4), land acquisition (as indicated), site preparation (excluding public housing relocation and demolition, as previously indicated), and site improvements/landscaping (excluding public infrastructure, as indicated above).
3. CHA Return on Investment: In consideration for making significant land, improvements and funding available for redevelopment, CHA expects to participate in project returns. Such participation can include participation in cash flow through CHA's mortgage on the property and/or land lease for rental units, participation in the development partnership and/or fees, participation in the proceeds of the sales of home ownership units, participation in profits from commercial property, or other types of consideration. CHA will direct the proceeds of all such returns on investment to public housing uses related to the ABLA Revitalization Plan.

CHA understands that the final form and amount of its return on investment will be a function of the structure of each development transaction. However, responses to this RFP will be ranked in part on the strength of the conceptual approach to structuring such a return on investment, and its consistency with the long-term affordability of the project.
4. CHA Purchase Option: Upon expiration of its mortgage on rental property and any other major refinancing or sale of the property, CHA requires a right to purchase the units for the value of the outstanding debt plus taxes on the property.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

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VI. Scope of Responsibilities and Implementation

A. Expectations

The selected Respondent will be expected to:

1. Assume ownership responsibilities as necessary to implement the development.
2. Work with their own development partners to develop, own and manage new rental units (including public housing units), and to develop new market-rate units. This includes the preparation of Mixed Finance Proposals for submission to HUD, as well as all required evidentiary materials.
3. Create opportunities for other development partners as well as local and community-based contractors in the development of the area.
4. Ensure proper management of all property included in the new development.
5. Establish a vehicle for ongoing involvement in the development and the community by residents at all income levels.
6. Create business and employment opportunities for CHA and local residents and MBE/WBEs, in accordance with City and CHA Section 3 and MBE/WBE policies and provide compliance reports to CHA and the Receiver.
7. Provide a vehicle to work cooperatively with service providers through the CHA's Service Connector program and the CSS Task Forces.
8. Act as program manager throughout all phases of the development, which includes coordinating with:
 - a) the City's infrastructure improvements on and around the Site.
 - b) the ABLA Working Group to facilitate the overall implementation of the development program.
 - c) other developers that may be selected for specific sites within ABLA to ensure work conforms to the Plan.

B. Expected Contracting Arrangements for Implementation

The Master Developer will implement the development proposal pursuant to the terms of a development agreement. The agreement will describe in detail the Master Developer's responsibilities. It is expected that the Master Developer will be responsible for implementing and/or coordinating all phases of the development. However, each subsequent phase of development will be subject to review and evaluation by the CHA, the Receiver, and the ABLA Working Group. Performance reviews will include but not be limited to the ability to: secure financing, achieve targeted schedules, deliver units on schedule and engage in a constructive and cooperative relationship with the community and the Working Group,

The Master Developer or its partners will be expected to take an ownership position in the rental property. The exact nature of that position may vary depending upon the financing and development approaches proposed for each phase of the development, and the precise roles and responsibilities proposed for each participating party in the ownership and financing of the development. However, the Master Developer will be expected to bring its own and/or investor equity to the project, assemble other financing, and take an ownership interest and risk position with respect to the rental property's long-term performance.

Fees: For the rental portion of each phase, the maximum developer fee that may be earned is: ten percent (10%) on the first \$5 million of project costs; and five percent (5%) on the balance of project costs above \$5 million. Project costs should be considered to be exclusive of the developer's fee.

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Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

A. Responsiveness

Each submission received prior to the submission deadline will be reviewed to ensure that all required submission materials are included and no obvious deficiencies evident. Failure to submit all required materials will be deemed non-responsive.

B. Role of the Working Group and Communications

Each responsive submission will be rated and ranked by the Working Group. Based on a review of these proposals, the Working Group will recommend finalists from among the respondents. At the Working Group's discretion, the Working Group will interview respondents. Second interviews may be required of finalists. At any time during the selection process, the Working Group may request further information of respondents to aid in consideration of the Working Group recommendation. Based on respondent submissions, interviews, and any additional information requested during the selection process, the Working Group will recommend a selected respondent. The authority to execute contracts with the selected respondent rests with the CHA and the Receiver.

C. Communications During the RFP Process

The Working Group has designated a single contact person to facilitate this RFP process. Under no circumstances may Respondent team members contact other members of the Working Group with respect to this RFP. All proceedings of the Working Group are strictly confidential, and such action can cause the appearance of unfair access or a conflict of interest, either of which are extremely damaging to the procurement process and may result in the nullification of the results of the RFP. Contacts prior to selection may result in the contacted party being required to recuse him or herself from discussion, rating and ranking of the respondent's submissions or the respondent's submission being rejected. In cases of potential, real or apparent conflict of interest or unfair access, the Receiver will determine appropriate action, and may consult with CHA and HUD.

All communications between respondents and the Working Group will be handled by The Habitat Company 350 West Hubbard Street, Suite #430, Chicago, IL 60660), facsimile (312) 527.5683, Attn: Dan Rockafeld. Send email to: drockafeld@habitat.com.

D. Employment and Business Opportunities and the RFP Selection Process

The restrictions on communication discussed above are particularly important in the area of Section 3 hiring and MBE/WBE participation. Under this RFP, respondents will be evaluated in part on their experience in past projects promoting resident employment and resident business opportunities (often promoted as part of general MBE/WBE participation). Since resident leadership participates in the Working Group selection process for this RFP, it is **not** appropriate for respondents to hire or contact LAC board members prior to selection. Nor is it appropriate for resident-owned businesses, or any businesses that have family or business ties associated with the LAC board members, the Working Group organizations or individuals, to submit qualifications pursuant to this RFP with any respondent team. This includes associations with individuals who may receive Section 3 employment or may be

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

principals of businesses that are represented, as public housing residents, by the LAC representative participating in the Working Group. Contacting residents on these matters prior to, or during, the selection process, or submitting qualifications with resident-owned businesses as part of a team, will create at least an appearance of a conflict of interest, and can result in requiring resident members of the Working Group to be recused from consideration of a respondent's submission. It may also result in disqualification of a respondent's submission under this RFP.

E. Other Considerations

Respondents may be asked to submit additional or more detailed material in response to issues and questions rising from their submissions and/or discussed during the interview process, including best and final offers respecting proposed compensation arrangements and the CHA return on investment. Respondents may be required to make community presentations of their proposals.

In the event that a Development Agreement with the recommended respondent cannot be executed or if an executed Development Agreement is terminated, the CHA and the Receiver may execute a Development Agreement with successive runner-up (2nd, 3rd, etc.) respondents.

The Working Group may also elect not to recommend any finalists, or not to recommend a respondent at all for selection as a result of this RFP. In addition, the CHA, the Receiver and the City reserve the right not to accept or approve any recommended respondent, and may at any time withdraw this RFP. CHA, the Receiver and the City also reserve the right to make single or multiple awards pursuant to this RFP, or to modify elements of the scope as necessary during contracting with the selected respondent. In no event shall the CHA, Receiver or other participants in the selection process under this RFP be liable to respondents for any cost or damages incurred by respondents or respondent team members, subconsultants, or other interested parties in connection with this RFP process, including but not limited to any costs of preparing the submission materials, participation in any conferences, oral presentations or negotiations.

F. Confidentiality

Respondents may designate portions of a submission that contains proprietary information to remain confidential. Each page of each item regarded as confidential should be clearly marked "CONFIDENTIAL".

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

VIII. Evaluation Criteria

An Evaluation Panel will review each proposal using a 100-point scoring system in the following categories. The total points for each of the evaluation criteria are listed in parentheses.

A. Qualifications of Development Team: Professional Experience and Capacity (30 points)

- The respondent's experience in planning, developing, and managing projects of comparable size and complexity, especially large mixed-income communities with rental and home ownership components.
- The respondent's financial capacity and qualifications, including a proven ability to obtain private and public financing (e.g. public housing capital and operating subsidies, Low Income Housing Tax Credits, tax-exempt bond financing, HOME and CDBG, Historic Preservation Tax Credits, etc.).
- The quality of the respondent's partnership agreement and business arrangements established to implement this development.
- The respondent's experience in sustaining long-term stable financial performance of affordable and mixed-income housing developments; successful ongoing compliance with program requirements; establishing and sustaining project marketability, quality maintenance and management standards, and overall professional excellence.
- The capacity of the respondent's team to implement the proposed development.
- Approaches and strategies (and their results) that respondent team members have employed in other projects for achieving meaningful and ongoing participation by residents of all levels of income as well as other stakeholders in the community.
- Documentation of respondent's commitment to affirmative action and increasing opportunities for minority and women-owned enterprises, and Section 3 hiring experience.

B. Project Approach (20 points)

- The quality of the development plan in regards to the specific planning requirements, design criteria, and functional goals and objectives of the ABLA Revitalization Plan.
- The quality of the phasing schedule, development timelines and related fees.
- The quality of the plan and past experience to maintain the desired income mix.
- The quality of the marketing plan.
- The degree to which the design incorporates features that provide for efficient operations, lower maintenance costs, and the safety and security of occupants.
- The extent that durable, low maintenance construction material and equipment will be used; and the extent to which the design provides for long-term energy efficiency.
- The ability of the respondent to work with the ABLA Working Group and the broader community to facilitate implementation of the Revitalization Plan, including coordinating its own activities and the development activities of other developers, and coordinating all activities with the City's infrastructure work.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

VIII. Evaluation Criteria

B-1. Architectural Treatment (10 Points)

- The quality of the site and unit design, and the extent to which the designs conform to the goals and requirements of the ABLA Revitalization Plan and this RFP.
- The degree to which the housing and site design do the following: (1) create effective defensible space throughout the community; (2) address the historical physical isolation of the site, and reintegrates the public housing site into the greater community; and (3) provide an effective means of access to the site for vehicles, pedestrians and bicycles.
- The degree to which the aesthetic design and placement of buildings complements adjacent development, and the buildings, units and layouts provide functional housing arrangements.
- Special attention will be given to retention of historic buildings that are rehabilitated in accordance with the Secretary of Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.
- Any renovation of existing buildings within the Jane Addams Site will be considered, and if rehabilitation is part of the proposal, special consideration of the respondent's experience in historic rehabilitation will be considered.

C. Resident Participation: Local Hiring and MBE / WBE Requirements (10 points)

- The quality and completeness of the respondent's plan to meet local hiring, City of Chicago Hiring Ordinance, Section 3, and MBE & WBE requirements.
- The extent to which the respondent maximizes employment, business, and training opportunities for community residents.
- The extent to which the proposal identifies the process and programmatic strategies for achieving meaningful resident participation in the decision-making and ongoing operations of the development.

D. Asset/Property Management (5 points)

- The experience of the development team in managing comparable properties.
- The quality and completeness of the team's approach to asset management within a diverse community; the extent to which the asset management plan articulates a strategy for sustaining long term high performance, resident satisfaction, and professional excellence.
- The quality of the plan to achieve and maintain a mixed-income community.
- The quality of the plan to address leasing, occupancy, social service referrals, and grievance procedures.
- The ability of the asset/property manager to work with existing social service networks, neighboring developments and community groups.

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

VIII. Evaluation Criteria

E. Legal Ownership Structure (5 Points)

- The presence of a legal partnership agreement among the primary risk partners in the development.
- The extent to which the proposal addresses the legal structure of the owning entities, and accommodates a CHA ground lease arrangement or joint ownership with the CHA such that real estate taxes are minimized and all applicable legal requirements are satisfied.
- The extent to which the ownership structure includes a strategy for long-term affordability of the public housing units.

F. Financial Feasibility (20 points)

- The overall financial feasibility of the proposal, particularly to the extent the plan realistically addresses long-term sustainability of the development, especially the public housing units.
- The extent to which total project costs, rents, sale prices, and unit absorption are financially feasible and marketable.
- The financial feasibility and efficiency of the use of public sector funds.
- The extent to which the public housing development and other public funds are leveraged by private funds, and the extent to which public housing units are financially independent of the HUD operating subsidy.
- The return on investment, if any, to CHA and the City.
- The consistency of the financing plan with the design program and the underwriting policies for affordable/mixed-income housing established by the City, CHA, and HUD.

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Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

Required Submission Documents [Bound with RFP]

SUBMITTAL #1: Submission Checklist

SUBMITTAL #2: ABLA Development Proposal & Financial Plan for Phase 1

SUBMITTAL #3: ABLA Development Proposal & Financial Plan for Jane Addams

SUBMITTAL #4: Instruction to Offerors; Certifications and Representations to Offerors (HUD 5639B & 5639C)

SUBMITTAL #5: Insurance Certificate Samples

SUBMITTAL #6: City of Chicago Economic Disclosure Statement and Affidavit

SUBMITTAL #7: Schedule "A": MBE/WBE/DBE

SUBMITTAL #8: Schedule "B": MBE/WBE/DBE

SUBMITTAL #9: Schedule "R": MBE/WBE/DBE

SUBMITTAL #10: Schedule "W": MBE/WBE/DBE

SUBMITTAL #11: Schedule "C": Section 3 Utilization Plan

SUBMITTAL #12: Instruction to Bidders; Representations and Other Statements of Bidders (HUD 5639 & 5639A)

SUBMITTAL #13: Statement of Bidder's Qualifications

SUBMITTAL #14: Subcontractor Information Submittal

SUBMITTAL #15: Contractors Affidavit

SUBMITTAL #16: EEO Compliance Certificate

SUBMITTAL #17: HUD HOPE VI Contractor Certifications & Assurances

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Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

X. Exhibits

EXHIBIT A Background & Context Documents

Exhibit A1: ABLA Working Group Memorandum of Understanding (May 1999)

Exhibit A2: CHA Plan for Transformation Documents:

http://www.thecha.org/Agency%20Plan/agencyplan_year1.html

Exhibit A3: CHA Relocation Rights Contract

Exhibit A4: Map of the City of Chicago

EXHIBIT B ABLA Revitalization Plan: Selected Narrative & Maps

EXHIBIT B1: ABLA Land Use Map

EXHIBIT B2: ABLA HOPE VI Redevelopment: Amended and Restated Revitalization Plan (June 30, 2001): Selected Narrative

(NOTE: Copies of the complete ABLA Revitalization Plan are available for review by appointment).

EXHIBIT B3: Selected Drawings from the Revitalization Plan of the ABLA Homes
Downtown View

EXHIBIT B4: ABLA Land Availability Status Chart

EXHIBIT B5: ABLA Available Land Values Map

EXHIBIT B6: Distribution of Occupied Units in ABLA by Bedroom Size and Household Size

EXHIBIT C Policies and Procedures

EXHIBIT C1: CHA Contract Compliance Requirements:

EXHIBIT C1: CHA Ethics Policy

EXHIBIT C2: CHA Section 3 Policy

EXHIBIT C3: MBE/WBE/DBE Policy

EXHIBIT C4: City of Chicago Local Hiring Ordinance (2-92-330)

EXHIBIT C5: General Wage Decision (HUD 4010)

EXHIBIT C6: CHA General Conditions for Professional Service Contracts

EXHIBIT C7: General Conditions of Contract for Construction (HUD 5370)

EXHIBIT D Affordable Housing and Mixed Finance Development Details

EXHIBIT D1: HUD Mixed Finance Regulations & Policies (24 CFR Part 941, Including Subpart F)

EXHIBIT D2: HUD Total Development Cost ("TDC") Policy (HUD B21)

EXHIBIT D3: Funding Programs Administered by the City of Chicago Department of Housing

EXHIBIT D4: Department of Housing Financing/Underwriting Policies & Developer Fee Guidelines

EXHIBIT D5: Tax Abatement Code

EXHIBIT E Homeownership for Public Housing Residents

EXHIBIT E1: CHA Homeownership Policy (July 17, 2001)

EXHIBIT E2: HUD Section 8 Homeownership Summary

EXHIBIT F Zoning Information

EXHIBIT F1: Zoning Maps of the ABLA Area

EXHIBIT F2: Amendment to Planned Development #4 (March 12 1998)

EXHIBIT F3: Planned Development Handbook Executive Summary

EXHIBIT G Roosevelt/Racine Tax Increment Financing Redevelopment Project & Plan (July 1998)

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

X. Exhibits

EXHIBIT H Environmental Reports (September 10, 1999)

EXHIBIT H1: Environmental Assessment Executive Summary

EXHIBIT H2: Phase I Environmental Site Assessment

EXHIBIT H3: Revised Addendum: Results of Title and Deed Search (February 10, 2000)

EXHIBIT H4: 1307 S. Racine Limited Phase II Subsurface Investigation (October 13, 1997)

EXHIBIT H5: 1307 S. Racine Focused Site Investigation Report (January 29, 1999)

EXHIBIT I Design Requirements for Accessibility

EXHIBIT I1: Accessibility Requirements

EXHIBIT I2: A Guide to Fair housing: Creating Options for People with Disabilities, 1999, City of Chicago, Mayor's Office for People with Disabilities, Chapter 3 and Appendices.

EXHIBIT J NEA Design Competition Information

EXHIBIT K Community Supportive Services Information

EXHIBIT K1: ABLA Service Connector Program

EXHIBIT K2: ABLA CSS Workplan (September 30, 2001)

EXHIBIT L ABLA History In Review & Jane Addams Site Information

EXHIBIT L1: Summary of ABLA's Neighborhood History

EXHIBIT L2: Excerpts from "The Poorhouse: Subsidized Housing in Chicago"

EXHIBIT L3: Jane Addams MOA

EXHIBIT L4: Photographs of the Jane Addams Site

EXHIBIT L5: Historic Significance (includes Paul R. Lusingan's Review)

EXHIBIT L6: Information on the *Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings* (U.S. Department of the Interior, National Park Service, 1992).

EXHIBIT L7: Information on Tax Benefits for Rehabilitation of Historic Properties

EXHIBIT L8: Jane Addams Physical Needs Assessment

EXHIBIT L9: Summary Costs for Jane Addams Conversion

EXHIBIT L10: Revitalization Plan Proposal for a Jane Addams Museum

EXHIBIT M Gautreaux and ABLA Revitalizing Order information

EXHIBIT N Listing of Some Applicable Statutes, Laws, Ordinances and Regulations

Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes

X. Exhibits

NOTE: Public Viewing Room Exhibits

The following Exhibit items can be viewed in their entirety and original format at The Habitat Company by contacting Ms. Teresa Galicia at 312.595.3253 during business hours Monday through Friday, 8:30 a.m. till 4:30 p.m.:

- ABLA Revitalization Plan
- Residential and Retail Market Studies
- List of Resident Owned Businesses
- ABLA Boundary Survey
- Brooks Extension ALTA Survey
- ABLA Neighborhood Utility Maps:
 1. Steam System Map
 2. Telecommunications System Map
 3. Natural Gas System Map
 4. Electrical System Map
 5. Water System Map
 6. Sewer System Map

Copies of the ABLA Boundary Survey and Market Studies can be purchased at Respondent's expense at:

Alfred P. Mossner Company
200 North Michigan Avenue
Chicago, IL 60602
Attn: Mr. Jack Lee
312.372.8600

Exhibit C

**An Analysis of the ABLA Neighborhood Area:
Shifts and Trends in Population, Race, Income, Housing Units and Value**

Patricia A. Wright
Director

*Nathalie P. Voorhees Center for Neighborhood and Community Improvement
at the University of Illinois Chicago*

Nancy Wallace Hudspeth
Research Assistant

*Nathalie P. Voorhees Center for Neighborhood and Community Improvement
at the University of Illinois Chicago*

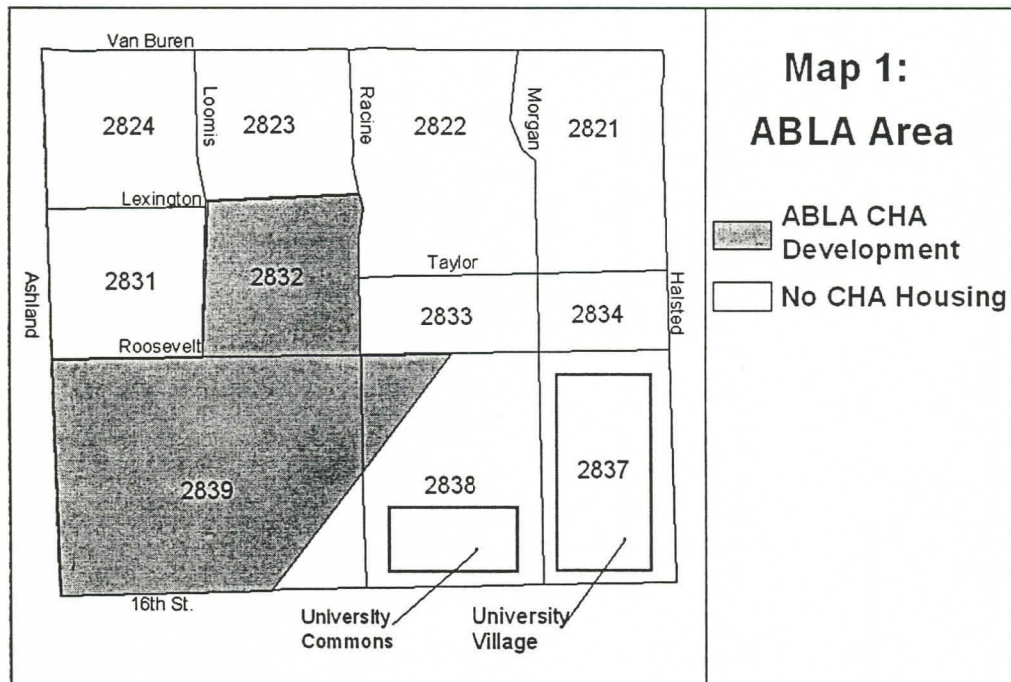
May 2004

**An Analysis of the ABLA Neighborhood Area:
Shifts and Trends in Population, Race, Income, Housing Units and Value**

Patricia A. Wright, Director, UIC Nathalie P. Voorhees Center for Neighborhood and Community Improvement and Nancy Wallace Hudspeth, Research Assistant, UIC Nathalie P. Voorhees Center for Neighborhood and Community Improvement

EXECUTIVE SUMMARY

The planning area of analysis that we have designated as the ABLA neighborhood area (See Map 1) is approximately 1 square mile and has boundaries as follows: the Eisenhower Expressway on the north, Halsted Street on the east, 16th Street / R.R. tracks on the south, and Ashland Boulevard on the west.



The “luxury”¹ housing market is very strong in the ABLA neighborhood area. The ABLA public housing development and its surrounding neighborhood area are rapidly turning into a neighborhood for the wealthiest families. In 2000, according to the U.S. Census, 38% of the owner occupied housing in the ABLA neighborhood area was valued at \$300,000 or more. In the city of Chicago as a whole, only 9% of owner occupied

¹ “Luxury” is a term used extensively by private residential real estate developers to market their condominium and townhouse developments in the print media and on-site signs. For purposes of this analysis we define a “luxury” home as one that is priced at \$300,000 or higher.

housing was valued at this level. Since the 2000 census was taken, hundreds of new housing units have been or are currently being built in the ABLA neighborhood area, and they are aimed at the luxury market. For this reason, we have concluded that the market rate housing in the ABLA neighborhood area is not difficult to sell. Townhouses in the new University Village development at Halsted Street and Roosevelt Road are listed as high as \$699,900.

When the 2000 Census was taken, there was a higher percentage of families in the very low income brackets in the ABLA neighborhood area than in the City of Chicago, and a higher poverty rate. However, there was also a higher percentage of families in the highest income brackets in the ABLA neighborhood area than in the city as a whole. According to the 2000 U.S. Census, 20% of the families in the ABLA neighborhood area earned \$100,000 or more. In the City of Chicago, only 13% of the families had earnings over \$100,000. In the ABLA neighborhood area the trend toward higher income families is likely to continue, because luxury market housing developments such as University Village and University Commons have been, and are currently being constructed there since 2000.

Low-income public housing residents in ABLA will benefit from being part of this mixed-income community with increasingly higher-income residents. There is no need to relocate them—the upper income residents are already there, especially north of Roosevelt, and their numbers will increase in the near future. Because the number of wealthy families in the area is expected to increase, the number of units for CHA families in the area could also be increased from the CHA's current ABLA redevelopment plan, without jeopardizing the income mix of the area. However, the units should be more equitably distributed throughout the ABLA development area, not concentrated into one census tract, as is currently planned.

Despite the fact that the ABLA neighborhood area is already a mixed income community with significant numbers of wealthy families and luxury housing that will increase in the near future, the CHA's plan for the ABLA redevelopment raises concerns that the vast majority of public housing residents within the ABLA development area are going to be located in one census tract—where 329 existing public housing units in the Robert Brooks Homes will remain. The existing Loomis Courts public housing development (126 units) is also in this tract but will be sold as affordable units as part of the proposed plan.

This census tract is 2839—one census tract of the 11 in our ABLA neighborhood area—and it is going to contain 1,469 new units—60% of the housing units that will be built in the ABLA redevelopment plan. There will be 2441 total new units built in the ABLA redevelopment plan. In census tract 2839 there will be 1469 new units PLUS 329 Robert Brooks and 126 Loomis Courts, for a total of 1924 total housing units under the ABLA redevelopment plan, located in tract 2839. Of the 1469 new units in this tract there will be 461 new rental (public housing eligible), 208 new rental (tax credit units), 31 CHA for sale, 192 affordable for sale, and 577 market rate units that will be built in the redevelopment plan. In 2000, 97% of the residents of this census tract were African

American and 408 of the total 758 families in the tract had incomes below the poverty level in 1999—for a family poverty rate of 53.8%. The majority of the residents of this census tract, 60.4% of the population, were below the poverty level in 1999. (2000 U.S. Census Tables P87, P90, SF3) Although some of the housing in this tract will be affordable rental and for-sale and market rate units, the CHA's plan as presented is not going to change the significant disparity between the census tracts north and south of Roosevelt Road. With new luxury housing being constructed south of Roosevelt, a new dividing line between the "haves" east of Racine Avenue and the "have nots" west of Racine, is also emerging.

Based on our analysis we have concluded the following:

1. The current plan for the ABLA redevelopment raises concerns that the vast majority of public housing residents will be located in one census tract (2839). Considering that 329 existing units of CHA public housing units will remain in this census tract, an additional planned 542 units will mean that 80% (871 units of the total 1,084) of the CHA public housing units in the ABLA plan will be located south of Roosevelt Road and west of Blue Island Avenue. This means that of 1084 units of public housing (new and rehabbed) that are part of the plan, only 213 (20%) will be located north of Roosevelt Road. Successful "mixed income" communities require a range of incomes dispersed evenly throughout an area. As currently planned, the ABLA neighborhood area will become an overwhelmingly wealthy neighborhood with a concentrated "pocket" of low-income public housing units.
2. The existing plans for the ABLA neighborhood area are creating income and race disparities between north and south of Roosevelt, and in the area south of Roosevelt Road, another dividing line is emerging between the "haves" east of Racine Avenue and the "have nots" west of Racine. Although some of the ABLA redevelopment housing in tract 2839 will be affordable for-sale and market rate units, the CHA's plan as presented is not going to change the significant disparity between the census tracts north and south of Roosevelt Road.
3. The luxury housing market is very strong. The ABLA public housing development and its surrounding neighborhood area are rapidly turning into a neighborhood for the wealthiest families. In 2000, according to the U.S. Census, 38% of the owner occupied housing in the ABLA area was valued at \$300,000 or more. In the city of Chicago as a whole, only 9% of owner occupied housing was valued at this level.
4. Current and planned construction by the developers of University Village, University Commons, and the CHA will increase the number of housing units in the ABLA neighborhood area by an estimated 70%. However, the vast majority of the new housing units will be for-sale, market rate housing priced for families earning more than 120% of the AMI. Updating census figures with the prices for new housing shows that when all construction is completed, low to moderate income families will be able to afford at most about one-third of the housing in the ABLA neighborhood area, including the CHA housing. Wealthy families will be a strong majority in the area.

5. Between 1990 and 2000, the ABLA neighborhood area lost 1,209 renter occupied units—a 20% decrease. In the City of Chicago as a whole, renter occupied housing units decreased by 0.5% during this period². Two major private new developments being constructed in the ABLA neighborhood area, University Village and University Commons (1,780 units total) include no rental units.

6. Because the number of wealthy families in the area is expected to increase, the number of units for CHA families in the area could also be increased from the CHA's current ABLA redevelopment plan, without jeopardizing the income mix of the area. This is because the number of housing units for families with incomes above 120% of the AMI in the ABLA neighborhood area is expected to increase by about 1,600 units (not including the CHA's market rate units). However, the units should be more equitably distributed throughout the ABLA development area, not concentrated into one census tract, as is currently planned.

7. As a public housing authority, the CHA should provide housing that the real estate market fails to provide. There will be no shortage of market-rate, luxury housing in the ABLA neighborhood area, but there will be a shortage of affordable housing for low and moderate-income families. Given the present trends we identify in our research, this shortage of affordable housing will only increase as time goes on.

8. Proper community planning efforts on the part of the city of Chicago and the CHA should eliminate the geographic lines of disparity within this new and emerging ABLA neighborhood area. This is a unique opportunity for the public partners (CHA and City of Chicago) to create a truly mixed income and racially integrated neighborhood. Unfortunately, it will be a lost opportunity with the current plans for the area.

The following more detailed analysis is divided into 5 sections:

- Section 1 defines the area and framework of analysis.
- Section 2 presents population, race, and ethnicity data from the 1990 and 2000 U.S. Census.
- Section 3 presents the income distribution and poverty information of the population from the 1990 and 2000 census.
- Section 4 presents the housing data and values for owner occupied housing from the 2000 census. This data is then updated with housing price data from new developments (e.g., University Village, University Commons) currently being built in the area, and data from the CHA's proposed ABLA redevelopment plan. This data is used to estimate the projected income distribution of the area.
- Section 5 is a description of the CHA's redevelopment plan.

² Source: Chicago Rehab Network, 2003 Affordable Housing Factbook.

SECTION 1. DEFINITION AND AREA OF ANALYSIS

The CHA ABLA housing is located in 3 census tracts: 2832 (north of Roosevelt, bounded by Loomis on the west, Racine on the east, Roosevelt on the south and Lexington on the north); 2839 (south of Roosevelt, bounded by Ashland Ave. on the west, Racine on the east, Roosevelt on the north and 16th St. on the south); 2838 (south of Roosevelt, bounded by Racine on the west, Morgan on the east, Roosevelt on the north, and 16th St. on the south).

The planning area of analysis that we have designated as the ABLA neighborhood area is approximately 1 square mile and has boundaries as follows: the Eisenhower Expressway on the north, Halsted Street on the east, 16th Street / R.R. tracks on the south, and Ashland Boulevard on the west. This area corresponds to 11 census tracts and is shown in the map on Page 1. The ABLA neighborhood area boundaries were determined for the following reasons. The Eisenhower Expressway (I-290) represents a natural boundary to the north. Halsted Street is a major north south arterial and is a clear boundary to the east, because on the east side of Halsted are university parking lots and industrial use; immediately east of the university parking facilities is the Kennedy Expressway (I-90/94). Ashland Boulevard is a major north-south arterial and represents a natural boundary to the west, because on the west side of Ashland Boulevard are the UIC medical campus, the Rush Presbyterian hospital complex, and a commercial / retail shopping center. 16th street is another clear boundary to the south because it is the location of the Metra railroad tracks, which is raised about 15 feet above grade and forms a viaduct between this area and the Pilsen community to the south. All of these boundaries are natural neighborhood residential demarcations, which with proper planning could create an identifiable neighborhood in the city of Chicago. A recent article in the Chicago Tribune Real Estate section uses these same boundaries in their accompanying map and discusses the area as "the creation of a new neighborhood that will swell the area's population."³ Within this up and coming ABLA neighborhood area are two sub-areas that we have defined for purposes of analysis: North and South of Roosevelt Road. Each of these sub-areas has been further divided into two areas, east and west of Racine Avenue.

Two census tracts in the ABLA neighborhood area, 2834 and 2837, were essentially unpopulated in 2000. 2834 is occupied by university buildings and had 0 residents in 1990 and 2000. Tract 2837 had 69 residents in 1990 and 18 residents in 2000; this is the tract where University Village and another luxury housing development, University Commons, are currently under construction.

SECTION 2. POPULATION, RACE AND ETHNICITY

ABLA neighborhood area: The racial and ethnic composition of the entire ABLA area and two sub-areas for 1990 and 2000 is shown in Table 1. The major finding of this table is that there has been a significant decrease (-4295 persons, -23% decrease) in the total

³ Handley, John, "To Market We Go," Chicago Tribune, Section 16, Page 1, February 22, 2004.

population between 1990 and 2000; however, there has been an even greater decrease in the Black population (-4,470 persons, -39% decrease). This reflects the displacement of public housing residents most of whom are Black that has occurred since 1995. In 1990, Blacks were a majority (62%) of the population in the ABLA neighborhood area; in 2000 Black persons were 49% of the population. The large decrease in the Black population was offset to some degree by a 57% increase in the Asian population—the only group that increased in the ABLA area during the 1990-2000 period.

North of Roosevelt Road: The total population decreased by -1,609 persons, a 15% decrease, while the Black population declined in the area north of Roosevelt Rd. by nearly half: (-1728, -45%) White non-Latinos decreased slightly (-514, -11%), and Latinos decreased by 273, or 23%. Asians increased by 672, a 56% increase.

South of Roosevelt Road: The total population decreased by -2,686 persons, a 34% decrease, while the Black population decreased by more than one third: (-2742, -35%). The other groups were not numerous and the changes in these population groups were very small: the population of White non-Latino persons increased from 26 to 32; the number of Asian non-Latino persons increased from 0 to 3; and Latinos decreased from 70 to 63. In the census tracts south of Roosevelt (the two tracts that were inhabited in 2000) the overwhelming majority (97%) of the population was Black in 2000.

It is important to note that the census data for 2000 for the area south of Roosevelt Road does not include the two new housing developments that are currently being built there that will change the population in this area dramatically: University Village (930 units) and University Commons (850 units). Most of this construction is in census tract 2837, which was unpopulated at the time the 2000 census was taken. (The smaller development, University Commons, is located in tract 2838.)

TABLE 1: TOTAL POPULATION, RACE AND ETHNICITY: 1990-2000.
(Source: 1990 Census Table P010, STF1, 2000 Census Table P4, SF1)

	1990		2000		Change	%Change
	#	% of pop.	#	% of pop.		
ABLA area total	18,808		14,513		-4,295	-22.8
White non-Latino	4,697	25.0	4,189	28.9	-508	-10.8
Black non-Latino	11,601	61.7	7,131	49.1	-4,470	-38.5
Asian non-Latino	1,193	6.3	1,868	12.9	675	56.6
Latino all races	1,274	6.8	994	6.8	-280	-22.0
Other	43	0.2	331	2.3		
North of Roosevelt	10,947		9,338		-1,609	-14.7
White non-Latino	4,671	42.7	4,157	44.5	-514	-11.0
Black non-Latino	3,839	35.1	2,111	22.6	-1,728	-45.0
Asian non-Latino	1,193	10.9	1,865	20.0	672	56.3
Latino all races	1,204	11.0	931	10.0	-273	-22.7
Other	40	0.4	274	2.9		
South of Roosevelt	7,861		5,175		-2,686	-34.2
White non-Latino	26	0.3	32	0.6	6	23.1
Black non-Latino	7,762	98.7	5,020	97.0	-2,742	-35.3
Asian non-Latino	0	0.0	3	0.1	3na	
Latino all races	70	0.9	63	1.2	-7	-10.0
Other	3	0.0	57	1.1		
City of Chicago						
White non-Latino		37.9		31.3		
Black non-Latino		38.6		36.4		
Asian non-Latino		3.5		4.3		
Latino all races		19.6		26.0		
Other		0.4		2.0		

For further analysis, we have divided the ABLA neighborhood area into four quadrants: two quadrants north of Roosevelt Road and two south, with Racine Avenue as the dividing line between east and west. The northeast quadrant includes census tracts 2821, 2822, 2833 and 2834. The northwest quadrant includes census tracts 2823, 2824, 2831, and 2832. The southwest quadrant includes census tract 2839. The southeast quadrant includes census tracts 2838 and 2837. (See Map 1, p.1.)

The race and ethnicity of the population by census tract and quadrant for 1990 and 2000 is shown in Table 2. As illustrated in this table, from the standpoint of race, there are three types of tracts that are clustered geographically. The northeast quadrant and the northern half of the northwest quadrant were 50% or more White, non-Latino in 2000⁴. (These tracts are 2821, 2822, 2833, 2834⁵, 2823, 2824.) The southern half of the northwest quadrant was racially mixed in 2000. (These tracts are 2831 and 2832.) The vast majority of the population in the southwest quadrant (2839) and the southeast

⁴ Tract 2822 was 49% White non-Latino in 2000.

⁵ Tract 2834 had 0 residents, it is the location of the UIC campus.

quadrant (2837 and 2838) was Black in 2000. Tract 2837 only had 18 persons in 2000 because this tract was cleared throughout the nineties for the expansion of the UIC campus and for the construction of new housing and commercial uses. Presently, a large housing development, University Village (930 units), is being constructed there. University Commons, another new residential development (850 units) is being constructed in tract 2838.

TABLE 2. (part 1 of 2) 1990, 2000 POPULATION: RACE AND ETHNICITY BY CENSUS TRACT AND "QUADRANT" (Source: 1990 Census Table P010, STF1, 2000 Census Table P4, SF1)

	North of Roosevelt, East of Racine				North of Roosevelt, West of Racine			
	Census Tract 2821	Census Tract 2822	Census Tract 2833	Census Tract 2834	Census Tract 2823	Census Tract 2824	Census Tract 2831	Census Tract 2832
2000 total pop.	219	1993	440	0	798	1715	2817	1356
% White (non-Latino)	77.2	48.7	54.3	0.0	58.6	55.7	32.8	31.9
% Black	15.1	5.7	10.7	0.0	6.3	11.0	32.6	56.2
% Asian	5.5	26.2	9.8	0.0	17.4	20.3	26.3	4.3
% Latino (all races)	1.8	14.4	23.2	0.0	13.9	9.3	6.3	6.6
Other	0.5	5.0	2.0	0.0	3.8	3.6	2.0	1.1
1990 total pop.	1154	1702	445	0	753	1649	2670	2574
% White (non-Latino)	64.1	59.3	47.2	0.0	76.0	63.6	33.1	8.0
% Black	13.1	5.9	2.9	0.0	4.9	12.2	40.7	87.3
% Asian	15.4	20.8	11.5	0.0	6.8	10.4	13.8	0.7
% Latino (all races)	6.7	13.9	37.8	0.0	11.8	13.8	11.6	3.7
Other	0.7	0.1	0.6	0.0	0.5	0.0	0.8	0.3

TABLE 2. (part 2 of 2) 1990, 2000 POPULATION: RACE AND ETHNICITY BY CENSUS TRACT AND "QUADRANT" (Source: 1990 Census Table P010, STF1, 2000 Census Table P4, SF1)

	South of Roosevelt, East of Racine		South of Roosevelt West of Racine
	Census Tract 2837	Census Tract 2838	Census Tract 2839
2000 total pop.	18	1699	3458
White (non-Latino)	0.0	0.9	0.5
Black	94.4	95.7	97.7
Asian	0.0	0.1	0.1
Latino (all races)	5.6	2.1	0.8
Other	0.0	1.3	1.0
1990 total pop.	69	2622	5170
White (non-Latino)	2.9	0.2	0.4
Black	27.5	99.5	99.3
Asian	0.0	0.0	0.0
Latino (all races)	69.6	0.2	0.3
Other	0.0	0.1	0.0

Population mobility: Although there was a net decrease in the population of each major group except Asians in the ABLA area between 1990 and 2000, that does not mean that people did not move into the area during this time, just that more people (possibly those in larger households) moved out. An analysis of in-moving households by race and ethnicity is presented in Table 3. This table clearly shows that significant numbers of White non-Latino and Asian householders moved into the northern census tracts during the 1990s, while relatively few Black and Latino householders moved into this area. Also, in some census tracts (2822, 2823, 2824, 2831) White non-Latino households moved in at an increasing rate: nearly as many, or more, White households moved into these tracts in the fifteen month period 1999 to March 2000 than had moved into these tracts in the entire 4 year period, 1995-98. At the same time, the only householders that moved into the area south of Roosevelt Road were Black, and these households only moved into tracts 2838 and 2839. No households moved into tract 2837, where the new housing developments were still under construction during the time of the 2000 census.

TABLE 3. (Part 1 of 2) YEAR HOUSEHOLDER MOVED INTO UNIT, BY RACE AND ETHNICITY (Source: 2000 U.S. Census, Tables HCT31B, D, H, I; SF3)

Time period moved into housing unit	North of Roosevelt, East of Racine				North of Roosevelt, West of Racine			
	Census Tract 2821	Census Tract 2822	Census Tract 2833	Census Tract 2834	Census Tract 2823	Census Tract 2824	Census Tract 2831	Census Tract 2832
1999 to Mar. 2000								
White (non-Latino)	11	151	8	0	102	225	195	71
Black	5	0	15	0	0	11	97	25
Asian	6	68	25	0	44	100	134	19
Latino (all races)	0	6	14	0	0	35	22	7
1995 to 1998								
White (non-Latino)	18	143	34	0	65	237	155	119
Black	12	29	12	0	30	38	142	111
Asian	7	103	0	0	10	67	159	21
Latino (all races)	23	42	12	0	0	4	50	26
1990 to 1994								
White (non-Latino)	17	41	0	0	20	35	27	0
Black	5	5	0	0	8	5	65	99
Asian	0	39	0	0	0	12	8	0
Latino (all races)	0	24	0	0	7	0	0	8

TABLE 3. (Part 2 of 2)

Time period moved into housing unit	South of Roosevelt, East of Racine		South of Roosevelt, West of Racine
	Census Tract 2837	Census Tract 2838	Census Tract 2839
1999 to Mar. 2000			
White (non-Latino)	0	0	0
Black	0	115	135
Asian	0	0	0
Latino (all races)	0	0	0
1995 to 1998			
White (non-Latino)	0	0	0
Black	0	180	589
Asian	0	0	0
Latino (all races)	0	0	14
1990 to 1994			
White (non-Latino)	0	0	0
Black	0	81	204
Asian	0	0	0
Latino (all races)	0	0	0

Families and households: The census defines a "household" as an occupied housing unit, and "family households" as a subset of all households, in which the occupants are related by blood or marriage. A non-family household is a single person living alone, or

two or more unrelated, un-married people living together. One demographic indicator of gentrification, a process of socioeconomic neighborhood change in which poor households are replaced by wealthy ones, is the replacement of family households by non-family households. Typically, low-income families with children are the households that move out of a gentrifying area and non-family households, such as singles or un-married adults, replace them. For this reason, gentrification will often occur at the same time that there is an overall population decrease—smaller households replace larger ones.

The ABLA neighborhood area includes some university dormitories and other student housing that would be considered non-family households. However, the majority of the ABLA neighborhood area households were family households in 1990; the majority of the CHA households are family households. For these reasons the focus of the analysis is on family households rather than total households.

Table 4 presents the changes in households versus family households. Between 1990 and 2000, the ABLA neighborhood area total lost 991 households of all types, and lost 1018 family households. Because the net loss of family households was greater than the net loss of total households, this means that in the ABLA neighborhood area overall, at least 27 non-family households replaced family households. If we analyze the areas north of and south of Roosevelt Road separately, we see that this was only a significant change in the area north of Roosevelt Road.

Between 1990 and 2000, the ABLA neighborhood area north of Roosevelt Road lost 235 total households and 371 family households. Because the net loss of family households was greater than the net loss of total households, this means that in the ABLA neighborhood area north of Roosevelt Road, at least 136 non-family households replaced family households. Combined with the exponential increase in White households shown in Table 3, this is consistent with the process of gentrification. Between 1990 and 2000, the ABLA neighborhood area south of Roosevelt Road lost 756 total households: 647 family households and 109 non-family households.

The main findings of Table 4 are that while households (and housing units) declined as the population declined between 1990 and 2000, the decrease in family households was greater than the decrease in total households. This means that non-family households replaced family households in the area north of Roosevelt Rd. In the area south of Roosevelt Road, family households decreased by 37%, and total households decreased by nearly 1/3. Overall, there was a very significant decrease in households of all types in this area.

TABLE 4. FAMILIES AND HOUSEHOLDS IN THE ABLA NEIGHBORHOOD AREA: 1990-2000

FAMILIES	1990	2000	Change	%Change
ABLA area total	3,913	2,895	-1,018	-26.0
North of Roosevelt	2,148	1,777	-371	-17.3
South of Roosevelt	1,765	1,118	-647	-36.7
HOUSEHOLDS	1990	2000	Change	%Change
ABLA area total	6,990	5,999	-991	-14.2
North of Roosevelt	4,518	4,283	-235	-5.2
South of Roosevelt	2,472	1,716	-756	-30.6

SECTION 3. INCOME and POVERTY DISTRIBUTION:

Income distribution: There was a higher percentage of families in the very low income brackets in the ABLA neighborhood area than in the city as a whole and a higher poverty rate. However, there was also a higher percentage of families in the highest income brackets in the ABLA neighborhood area than in the city as a whole. This is illustrated in the following two tables.

Table 5 illustrates the family income distribution in 1999 according to the U.S. Census for the ABLA neighborhood area and for the city as a whole. The ABLA neighborhood area had higher percentages of very low-income families who earned less than \$20,000, while the city had slightly higher percentages of low-income families with earnings between \$20,000 and \$44,999. However, in both the ABLA neighborhood area and the city as a whole, 52% of the families earned less than \$45,000 in 1999.

In the moderate income range the distribution in the ABLA neighborhood area is comparable to the city as a whole. In Chicago, 66% of families earned less than \$60,000, while a slightly lower percentage, 64.1% of families in the ABLA neighborhood area earned less than \$60,000. As shown in Table 5, 71.2% of families in the ABLA neighborhood area earned less than \$75,000; a slightly higher percentage in the city, 76.4%, earned less than \$75,000.

However, the ABLA neighborhood area had a significantly higher percentage of families that earned \$100,000 or more: 20%. In the city of Chicago in 1999, only 13% of the families had earnings over \$100,000. (In 1989, the percentage of families in the upper income brackets in the ABLA neighborhood area was much closer to the percentage in the city as a whole—see Table 6.) In the ABLA neighborhood area the trend toward higher income families is likely to continue, because luxury housing developments such as University Village and University Commons are being constructed there since 2000. The income mix in the ABLA neighborhood area changed dramatically between the 1990 and 2000 censuses showing significantly more concentrated poverty in 1990 than in 2000.

**TABLE 5: FAMILY INCOME PERCENT DISTRIBUTION IN 1999:
ABLA NEIGHBORHOOD AREA AND CHICAGO**
(Source: 2000 U.S. Census Table P76, SF3)

Family income in 1999	North of Roosevelt % of total families	South of Roosevelt % of total families	ABLA area % of total families	Chicago city, % of total families
Less than \$10,000	14.2	33.2	16.2	10.7
\$10,000 to \$19,999	10.2	27.4	14.6	11.6
\$20,000 to \$49,999	22.1	32.2	25.1	34.8
\$50,000 to \$74,999	17.9	4.5	15.2	19.3
\$75,000 to \$99,999	10.9	1.1	8.8	10.4
\$100,000 or more	24.7	1.6	20.0	13.2
TOTAL	100.0	100.0	100.0	100.0

**TABLE 6. FAMILY INCOME PERCENT DISTRIBUTION IN 1989:
ABLA NEIGHBORHOOD AREA AND CHICAGO**
(Source: 1990 U.S. Census Table P107, STF 3)

Note: not adjusted for inflation.

Family income in 1989	North of Roosevelt % of total families	South of Roosevelt % of total families	ABLA area % of total families	Chicago city, % of total families
Less than \$10,000	31.1	73.0	49.0	16.5
\$10,000 to \$19,999	16.4	16.0	16.2	16.1
\$20,000 to \$49,999	23.3	10.0	17.6	42.6
\$50,000 to \$74,999	13.7	1.0	8.2	15.8
\$75,000 to \$99,999	8.6	0	4.9	4.9
\$100,000 or more	7.0	0.0	4.0	4.2
TOTAL	100.1	100.0	99.9	100.1

**TABLE 7. (Part 1 of 2) FAMILY INCOME IN 1999 BY CENSUS TRACT:
NUMBER AND (PERCENT) OF FAMILIES**
(Source: 2000 U.S. Census Table P76, SF3)

	North of Roosevelt, East of Racine				North of Roosevelt, West of Racine			
	Census Tract 2821	Census Tract 2822	Census Tract 2833	Census Tract 2834	Census Tract 2823	Census Tract 2824	Census Tract 2831	Census Tract 2832
	UIC Campus	highest # over \$100,000		UIC Campus				ABLA housing
2000 total families	56	435	61	0	185	334	491	312
Less than \$10,000	5 (9)	53 (12)	7 (10)	0	14 (8)	19 (6)	89 (18)	80 (26)
\$10,000 to \$19,999	4 (7)	24 (6)	0 (0)	0	0 (0)	59 (18)	39 (8)	65 (21)
\$20,000 to \$49,999	0 (0)	59 (14)	12 (20)	0	34 (18)	96 (29)	141 (29)	73 (23)
\$50,000 to \$74,999	16 (29)	99 (23)	18 (30)	0	56 (30)	29 (9)	88 (18)	29 (9)
\$75,000 to \$99,999	8 (14)	69 (16)	18 (30)	0	16 (9)	31 (9)	44 (9)	18 (6)
\$100,000 or more	23 (41)	131 (30)	6 (10)	0	65 (35)	100 (30)	90 (18)	47 (15)

TABLE 7. (Part 2 of 2)

	South of Roosevelt, East of Racine		South of Roosevelt, West of Racine
	Census Tract 2837	Census Tract 2838	Census Tract 2839
	UIC campus expan., Univ.Vill.	ABLA housing	ABLA housing
2000 total families	0	435	758
Less than \$10,000	0 (0)	107 (25)	289 (38)
\$10,000 to \$19,999	0 (0)	147 (34)	180 (24)
\$20,000 to \$49,999	0 (0)	164 (38)	220 (29)
\$50,000 to \$74,999	0 (0)	17 (4)	37 (5)
\$75,000 to \$99,999	0 (0)	0 (0)	13 (2)
\$100,000 or more	0 (0)	0 (0)	19 (3)

Poverty Distribution: One of the often-stated goals or purposes of redeveloping public housing is to reduce "concentrated poverty" by creating "mixed income communities" which will have a variety of housing types and prices affordable to residents at a range of income levels. According to the 2000 U.S. Census, the entire ABLA neighborhood area

had a 31.4% family poverty rate and 41.2% of the total population was below poverty.⁶ The ABLA neighborhood area that is north of Roosevelt Road had a 17.7% family poverty rate and 30.6% of the population was below poverty. The ABLA neighborhood area that is south of Roosevelt Road had a 52.8% family poverty rate and 60.5% of the population was below poverty. This data is presented in Table 8. Changes in the poverty rate are shown in Table 9.

TABLE 8. FAMILIES AND POPULATION BELOW POVERTY, 1999. (Source: 2000 U.S. Census Tables P87, P90, SF 3)

Census Tract	Total Families	Families Below Poverty	Family Poverty Rate	Total Population	Pop. Below Poverty	Total Pop. Poverty Rate	Notes
North of Roosevelt							
2821	56	5	8.9	198	30	15.2	UIC Campus
2822	435	53	12.2	2097	577	27.5	
2823	185	14	7.6	917	172	18.8	
2824	334	42	12.6	1810	561	31.0	
2831	491	107	21.8	2773	953	34.4	
2832	312	104	33.3	1364	533	39.1	ABLA housing
2833	61	7	11.5	450	111	24.7	
2834	0	0	0.0	0	0	0.0	UIC Campus
North Tot.	1874	332	17.7	9609	2937	30.6	
South of Roosevelt							
2837	0	0	0	0	0	0.0	UIC Expan, Univ.Vill.
2838	435	222	51.0	1738	1056	60.8	ABLA housing
2839	758	408	53.8	3554	2147	60.4	ABLA housing
South Tot.	1193	630	52.8	5292	3203	60.5	
ABLA Area							
	3067	962	31.4	14901	6140	41.2	

⁶ The Federal Poverty Standard defines persons as "poor" if they live in families whose total income is less than a threshold meant to represent the cost of basic necessities. The thresholds vary by family size and are adjusted for inflation each year. For example, in 2002, the poverty level was \$15,260 for a family of 3 and \$18,400 for a family of 4. See the U.S. Department of Health and Human Services website at aspe.hhs.gov/poverty

TABLE 9. FAMILIES AND POPULATION BELOW POVERTY, 1989 and 1999
(Sources: 1990 and 2000 U.S. Census Tables P 117, P123 STF3 [1990] and P87, P90 SF3 [2000])

	North of Roosevelt, total	South of Roosevelt, total	ABLA area, total	Chicago, total
2000 FAMILIES BELOW POVERTY				
Total families (all income levels)	1874	1193	3067	
% BELOW POVERTY (all family types)	17.7	52.8	31.4	16.6
Total population	9609	5292	14901	
% BELOW POVERTY	30.6	60.5	41.2	19.6
1990 FAMILIES BELOW POVERTY				
Total families (all income levels)	689	1361	2050	
% BELOW POVERTY (all family types)	30.0	79.0	51.0	18.3
Total population	10076	6051	16127	
% BELOW POVERTY	36.3	79.1	54.7	21.6

In 2000, while there was a higher rate of family poverty in the entire ABLA neighborhood area than the city total, there was also a higher rate of families who earned more than \$100,000 per year—20%, compared the city's total rate of 13%. With new luxury housing construction in the ABLA neighborhood area, which has been built since the 2000 census (or is being built currently), the number of families earning more than \$100,000 will increase significantly in the near future. Our estimates of new and projected wealthy families in the area are based on data published by the developers of University Village and University Commons, two housing developments currently under construction south of Roosevelt Road between Halsted Street and Racine Avenue. This continuing influx of higher income families has already altered the poverty rate downward.

SECTION 4. HOUSING UNITS AND VALUES—WHAT IS “MARKET RATE”?

Table 10 presents the number of housing units in the ABLA neighborhood area in 1990 and 2000, according to the U.S. Census. The number of occupied housing units declined from 6,990 to 5,999 between 1990 and 2000. However, the CHA's redevelopment plans include 2,441 new housing units, the University Village development (currently under construction) will add 930, and the University Commons development (currently under construction) will add 850. *New construction in the area will potentially increase the total number of occupied housing units in 2000 by 4,221—a 70% increase.* Note: this estimate is conservative because it does not include some new (relatively small) developments that were recently built or are currently under construction in the area for which data was unavailable.

TABLE 10: OCCUPIED HOUSING UNITS IN THE ABLA NEIGHBORHOOD AREA, 1990 AND 2000

(Source: Table H4 SF1, 2000 U.S. Census and H003 STF1, 1990 U.S. Census)

	1990	2000	Change	%Change
ABLA area total				
Total occupied units	6,990	5,999	-991	-14.2
Owner occupied	1,000	1,218	218	21.8
Renter occupied	5,990	4,781	-1,209	-20.2
North of Roosevelt				
Total occupied units	4,518	4,283	-235	-5.2
Owner occupied	968	1,182	214	22.1
Renter occupied	3,550	3,101	-449	-12.6
South of Roosevelt				
Total occupied units	2472	1716	-756	-30.6
Owner occupied	32	36	4	12.5
Renter occupied	2440	1680	-760	-31.1

Loss of rental housing. As shown in the previous Table 10 (above), there was a very significant decrease (-20%) in renter occupied housing between 1990 and 2000. In the City of Chicago as a whole, renter occupied housing units decreased by 0.5% during this period⁷. The primary reason for the decrease in renter occupied housing units in the ABLA neighborhood area is the demolition of CHA housing that occurred prior to 2000. New private developments currently under construction in the ABLA neighborhood area, University Village and University Commons, contain no rental units. The majority of units that the CHA will build will be for-sale. Because of the significant demolition of CHA rental units in the ABLA neighborhood area, the fact that both major private developments—University Village and University Commons—do not include any rental units, and the lack of rental data, the remainder of this analysis focuses on for-sale or owner-occupied, housing. The distribution of owner occupied housing values from the 2000 U.S. Census is presented in Table 11.

⁷ Source: Chicago Rehab Network, 2003 Affordable Housing Factbook.

TABLE 11: DISTRIBUTION (PERCENT OF TOTAL UNITS) OF VALUE FOR SPECIFIED OWNER OCCUPIED HOUSING UNITS IN 2000
(Source: 2000 U.S. Census Table H74, SF3)

	North of Roosevelt, PERCENT	South of Roosevelt, PERCENT	ABLA Area Total, PERCENT	Chicago PERCENT
TOTAL # O.O. UNITS	681	15	696	263925
less than \$50,000	5.3	0.0	5.2	3.2
\$50,000 to \$99,999	3.8	73.3	5.3	28.1
\$100,000 to \$149,999	0.9	0.0	0.9	28.8
\$150,000 to \$199,999	16.3	26.7	16.5	19.5
\$200,000 to \$249,999	25.8	0.0	25.3	7.7
\$250,000 to \$299,999	8.7	0.0	8.5	4.1
\$300,000 OR MORE	39.2	0.0	38.4	8.7

As shown in this table, in the ABLA neighborhood area (total), 38% of owner occupied housing was valued at more than \$300,000. This was significantly higher than the rate for the city of Chicago as a whole, 9%. Consistent with this finding is that the city as a whole had greater percentages of housing in the \$100-199,000 range, and the ABLA area had a greater percentage than the city in the \$200-299,000 range.

At the time of the 2000 census, there were only 15 owner occupied housing units in the census sample in the area south of Roosevelt Road in 2000. However, new construction (CHA for-sale housing and private developments) will change this situation dramatically by 2005.

The 2000 census data does not account for the new market-rate housing that is being constructed in the area, or for the CHA's public housing redevelopment and market-rate housing that is part of the ABLA redevelopment proposal. For this reason we analyzed the data from University Village, University Commons, and the CHA, to determine what the new distribution of housing values in the ABLA neighborhood area will be.

University Village: The new University Village development is located on 68 acres immediately south of the UIC campus and within the area we have designated as the ABLA neighborhood area. The site extends from Roosevelt Road on the north to 16th Street / R.R. tracks on the south, and from Halsted Street on the east to Newberry and Morgan, on the west. (University Village will be located in census tract 2837). Construction of housing began in 2000, with a projected total of 930 housing units to be completed in 2004. The housing mix will include 186 lofts, 460 condos, and 284

townhouses. The condos are priced from \$165,900 to \$513,900; the lofts from \$182,900 to \$461,900; the townhouses from \$437,900 to \$699,900. Set aside in an “affordable” category (for families earning 80 to 120 percent of the area median income) are 21 percent of the total units, or 196 homes. One to three bedroom “affordable” condos in the first phase were priced from \$143,000 to \$237,000.⁸ There are no rental units in the development.

The 930 total units in University Village are shown by price range in Table 12. The value intervals are the same as the 2000 U.S. Census. For purposes of this analysis we assumed the units were distributed equally in the price range—for example, there were 196 affordable condos ranging in price from \$143,000 to \$237,000; one-fifth (20%, or 39 units) were placed in each of the \$125-149,999, \$150-174,999, and \$175-199,999 intervals and two fifths (40%, or 79 units) were placed in the \$200-249,999 interval. Of course, this is an assumption and we do not know if the units were evenly distributed in the price range. It is possible that there could be greater numbers in the low price brackets, but it is equally possible that there could be greater numbers in the high price brackets. This method is used as an approximation of the “average” value of the new units.

The key finding of Table 12 is that, assuming the uniform distribution of units within the market rate prices, a significant majority of the housing units in University Village, 613 out of 930, or 66%, are valued at more than \$300,000—a price that we can safely assume is only affordable to families earning more than 120% of the area median income.

According to the U.S. Department of Housing and Urban Development (HUD), the Chicago area median income for a family of 3 in 2002 was \$67,900. (The “median” is the point at which half are above and half are below. The area median income, AMI, is used by HUD to establish eligibility for housing assistance and varies by the number of persons in the family, from 1 to 8.) HUD defines “moderate-income” families as those who earn up to 120% of AMI, or \$81,480 in Chicago in 2002 (for a family of 3). Assuming a family can spend 30% of its income for housing, a moderate-income family of 3 that earned \$68,000 to \$82,000 would be able to afford a \$214,000 to \$265,000 house⁹. As shown in Table 12, about 28% of the 930 units in University Village would be affordable to moderate-income families, while 72 % of the units in University Village are priced higher than \$250,000. In contrast, as shown in Table 11, only 13% of the owner occupied housing in the city of Chicago was valued at more than \$250,000 in 2000—the vast majority of housing units in the city of Chicago would be affordable to moderate-income families. Table 11 also shows that in 2000, the ABLA neighborhood area had a slight majority, 53%, of homes that were valued at less than \$250,000. Table 12 clearly shows that the University Village development is even more priced for higher income households than the ABLA neighborhood area as a whole.

⁸ Handley, John, Chicago Tribune, April 28, 2002. “New Village on Campus: A College Town Rises From the Dust of Maxwell Street.” (accessed from www.universityvil.com)

⁹ Assuming \$300/month taxes and \$50/month insurance (\$68,000) and \$320/month taxes and \$60/month insurance (\$82,000) and 30-yr mortgage at 6.5% interest.

TABLE 12: ESTIMATED PRICE DISTRIBUTION OF HOUSING UNITS IN THE UNIVERSITY VILLAGE DEVELOPMENT ASSUMING EQUAL DISTRIBUTION OF UNITS IN THE PRICE RANGE (Source: Chicago Tribune, April 28, 2002)

VALUE / PRICE	Afford. Condo.	Townh'se	Loft	Mkt. Rate Condo	Total	Percent
\$125,000 to \$149,999	39				39	4.2
\$150,000 to \$174,999	39				39	4.2
\$175,000 to \$199,999	39		15		54	5.8
\$200,000 to \$249,999	79		29	24	132	14.2
\$250,000 to \$299,999			29	24	53	5.7
\$300,000 to \$399,999			57	48	105	11.3
\$400,000 to \$499,999		81	56	48	185	19.9
\$500,000 to \$749,999		203		120	323	34.7
\$750,000 to \$999,999						
\$1,000,000 or more						
total	196	284	186	264	930	100.0

University Commons: The University Commons development is located in the renovated, historic South Water Market buildings, which are located just west of University Village and east of the ABLA development. The boundaries of the project are Morgan St. on the east, Racine Ave. on the west, 14th St. on the north, and 16 St. on the south¹⁰. University Commons is located in census tract 2838, south of Roosevelt Road.

The number, type and price of units in University Commons are shown in Table 13. This table is based on data for "Building 2, 3/6/04," and "Building 1, 3/20/04" distributed by the Enterprise Companies, the developer of University Commons. This data includes 290 units and lists for-sale prices of 177 units: 113 units that had already been sold in Building 2 were not listed by price. There are no rental units in the development. In general, the prices for the first phase Building 2 are lower than for the second phase Building 1. This implies that subsequent phases will be more expensive, but to be conservative we used the distribution of prices for these two phases as applied to the whole project.

The overall distribution of the type of units for Buildings 1 and 2 was used to estimate the proportion of each type for the total development of 850 units. Of 290 total units, 13 (or 4%) were 1-bedroom units, 228 (or 79%) were 2-bedroom units, and 49 (or 17%) were 3-bedroom units. Therefore, of the total 850 units in the development, we estimated that 4% (or 34) of the units would be 1-bedroom, 79% (or 671) would be 2-bedroom, and 17% (or 145) of the units would be 3-bedroom.

Price data was estimated from for-sale prices for 177 units: (9) 1-bedroom, (137) 2-bedroom, and (31) 3-bedroom units. For-sale prices were grouped into categories as

¹⁰ Handley, John, "To Market We Go," Chicago Tribune, Section 16, Page 1, February 22, 2004.

shown in Tables 13 and 14: 175,000-199,999; 200,000-249,999; 250,000-299,999; 300,000-399,999; 400,000-499,999; 500,000-599,999. We then added \$30,000¹¹ to the price of each unit for the parking assessment. Then the proportion of the number of units in each price bracket was multiplied to come up with the anticipated total of that type of unit. For example, we anticipated that 79%, or 671, of the total 850 units would be 2-bedroom. Out of 137 2-bedroom units for which we had price data, 4 (3%) were priced between \$200,000 and \$249,999; 76 (55%) were priced between \$250,000 and \$299,999; 51 (37%) were priced between \$300,000 and \$399,999; and 6 (4%) were priced between \$400,000 and \$499,999. So, we estimated that of 671 total 2-bedroom units, 3% (20) would be priced between \$200,000 and \$249,999; 55% (372) would be priced between \$250,000 and \$299,999; 37% (250) would be priced between \$300,000 and \$399,999; and 4% (29) would be priced between \$400,000 and \$500,000. Projected price data and type of units are shown in Table 13. The key finding of Table 13 is that, given the assumptions we made about the distribution of units and prices, only about 4% of the units are priced below \$250,000 and would be affordable to moderate income families at 100-120% AMI (see preceding analysis in the section on University Village).

TABLE 13: ESTIMATED PRICE DISTRIBUTION OF HOUSING UNITS IN THE UNIVERSITY COMMONS DEVELOPMENT INCLUDING \$30,000 FOR PARKING FOR EACH UNIT (Source: Enterprise Companies)

VALUE / PRICE	1 BR	2 BR	3 BR	Total	Percent
\$125,000 to \$149,999					
\$150,000 to \$174,999					
\$175,000 to \$199,999					
\$200,000 to \$249,999	11	20		31	3.6
\$250,000 to \$299,999	23	372		395	46.5
\$300,000 to \$399,999		250	84	334	39.3
\$400,000 to \$499,999		29	23	52	6.1
\$500,000 to \$749,999			38	38	4.5
\$750,000 to \$999,999					
\$1,000,000 or more					
total	34	671	145	850	100.0

Comparing Tables 12 and 13 we can see that although 96% of the units in University Commons are priced above \$250,000, this development has a lesser percentage of units in the very high price ranges than the University Village development. In University Commons, we estimate that 50% of the total units will be priced above \$300,000; in

¹¹ Parking assessments are additional to the prices listed in the distributed data; the assessment is \$30,000 for an underground space and \$35,000 for a grade level space. Developers are required to provide 1 parking space per housing unit. Since we don't know how many parking spaces are on-grade, we added only \$30,000 to the price of each unit. However, there are 23 2-BR units in our data (10%) for which an additional \$5,000 would mean that they would go from being below \$300,000 to above \$300,000. We have no way of knowing if these units will be above or below \$300,000; we assumed they would be below, however, this means that our estimates are conservative.

University Village with Table 12 we estimated that 66% of the housing units would be priced above \$300,000. In University Village, we estimate that more than 300 units will be priced higher than \$500,000; in University Commons only 38 units will be priced at this level. However, Phase II prices are higher than Phase I, which indicates that University Commons may have more units at these levels when it is completed. Conversely, according to Table 12, an estimated 28% of the units (264) in University Village would be priced at less than \$250,000.

CHA Redevelopment—For Sale Housing Units: The CHA's redevelopment plan for ABLA will build 2,441 new housing units. Of these new units, 755 will be public housing rental units for families at or below 50% AMI and 335 will be affordable rental units for low to moderate income families between 50-120% AMI. The other 1,351 new housing units (55% of the total units built) will be sold, and will consist of: 966 market rate units for families exceeding 120% of the AMI (276 north of Roosevelt and 690 south of Roosevelt); 335 affordable units for low to moderate income families at 50% and 120% AMI (90 north of Roosevelt and 245 south of Roosevelt); 50 units for CHA families at 50% of the AMI (14 north of Roosevelt and 36 south of Roosevelt). This means that the overwhelming majority of the for-sale units in the CHA's ABLA redevelopment plan, 72%, are market-rate units for families exceeding 120% AMI. (966 is 72% of 1351).

The unit distribution is shown in Table 14, using the previous assumptions we have made about what families can afford and also assuming that the number of units is evenly distributed within the price range. For example, a 3-person family at 50% of the AMI would have a yearly income of \$33,950 (according to HUD) and we assume they would be able to afford an \$87,000 house. We assumed that affordable units for families between 50-120% AMI would be evenly distributed between the \$80,000 to \$89,999 bracket at the low end and the \$200-249,999 bracket at the high end, with even distributions in the intervals in between.

The value of the CHA's market rate housing was estimated by the assumption that it will be comparable in price to the housing in University Commons, which means that the majority (86%) of the units will be priced in the \$250-350,000 range. We also assumed that "affordable" and "market rate" housing would have little or no overlap—in other words, "market rate" housing would be for families above 120% AMI. Using a similar price distribution to University Commons means that 4% of the units (39) would be priced between \$200,000 and 249,999; 47% of the units (454) would be priced between \$250,000-\$299,999; 39% of the units (376) would be priced between \$300,000-\$399,999; 6% of the units (58) would be priced between \$400,000 and \$499,999; 4% of the units (39) would be priced between \$500,000 and \$600,000. This distribution is shown in Table 14.

The key illustration of Table 14 is that only 28% (385 units) of the new for-sale housing under the CHA's redevelopment plan is affordable to low and moderate-income families earning 50-120% of the AMI.

TABLE 14: ESTIMATED PRICE DISTRIBUTION OF ABLA FOR-SALE UNITS
(Source: CHA, "ABLA Phasing Unit Count and Mix Proposed Distribution—
October 1, 2003.)

	CHA FOR SALE: North of Roosevelt	CHA FOR SALE: South of Roosevelt	AFFORD. North of Roosevelt	AFFORD. South of Roosevelt	MKT RATE North of Roosevelt	MKT RATE: South of Roosevelt	TOTAL CHA REDEV. FOR SALE
							# (%)
\$70,000 to \$79,999							
\$80,000 to \$89,999	14	36	6	14			70 (5.2)
\$90,000 to \$99,999			6	14			20 (1.5)
\$100,000 to \$124,999			13	36			49 (3.6)
\$125,000 to \$149,999			13	36			49 (3.6)
\$150,000 to \$174,999			13	36			49 (3.6)
\$175,000 to \$199,999			13	36			49 (3.6)
\$200,000 to \$249,999			26	73	11	28	138 (10.2)
\$250,000 to \$299,999					130	324	454 (33.6)
\$300,000 to \$399,999					108	269	377 (27.9)
\$400,000 to \$499,999					16	41	57 (4.2)
\$500,000 to \$749,999					11	28	39 (2.9)
\$750,000 to \$999,999							
\$1,000,000 or more							
total	14	36	90	245	276	690	1351

Table 15 is a combination of the 3 previous tables: 12,13, and 14. It shows the number of owner occupied housing units from the U.S. Census, updated with the new housing that will be completed under the CHA's redevelopment plan and the University Commons and University Village developments.

**TABLE 15: VALUE and DISTRIBUTION OF OWNER OCCUPIED UNITS:
2000 & PROJECTED**

(Projected includes new units at University Village, University Commons, and CHA for sale units. Note: this is conservative because it includes University Commons prices with \$30,000 for parking, all units; some buyers will pay \$35,000 for parking on grade.)

	2000				PROJECTED (2004-5)			
	NORTH of R'SEVELT TOT.	SOUTH of R'SEVELT TOT.	ABLA AREA TOTAL	Chicago PERCENT	NORTH of R'SEVELT TOT.	SOUTH of R'SEVELT TOT.	ABLA AREA TOTAL	Chicago PERCENT**
	# (%)	# (%)	# (%)	%	# (%)	# (%)	# (%)	%
Total:	681 (100)	15 (100)	696 (100)		1061 (100)	2751 (100)	3812 (100)	
Less than \$80,000	42(6)	11(73)	53(8)	15	42(4)	11(0)	53(1)	11
\$80,000 to \$89,999	11(2)	0	11(2)	8	31(3)	50(2)	81(2)	6
\$90,000 to \$99,999	9(1)	0	9(1)	8	15(1)	14(1)	29(1)	7
\$100,000 to \$124,999	6(1)	0	6(1)	14	19(2)	36(1)	55(1)	15
\$125,000 to \$149,999	0(0)	0	0(0)	14	13(1)	75(3)	88(2)	13
\$150,000 to \$174,999	57(8)	4(27)	61(9)	12	70(7)	79(3)	149(4)	12
\$175,000 to \$199,999	54(8)	0	54(8)	8	67(6)	87(3)	154(4)	9
\$200,000 to \$249,999	176(26)	0	176(25)	8	213 (20)	264 (10)	719(19)	10
\$250,000 to \$299,999	59(9)	0	59(9)	4	189 (18)	772 (28)	961 (25)	5
\$300,000 to \$399,999	139(20)	0	139(20)	4	247(23)	708 (26)	955 (25)	4
\$400,000 to \$499,999	66(10)	0	66(10)	2	82 (8)	278 (10)	360 (9)	2
\$500,000 to \$749,999	49(7)	0	49(7)	2	60 (6)	389 (14)	449 (12)	1
\$750,000 to \$999,999	0(0)	0	0(0)	1	0	0	0	2
\$1,000,000 or more	13(2)	0	13(2)	1	13(1)	0	13 (0)	1
% \$250,000 or more	48	0	48	14	56	78	71	15
% \$300,000 or more	39	0	39	10	38	50	46	10

*(**Chicago city total percent distribution based on 2000 census data Table H74 SF3, and adjusting for inflation, assuming even distribution of number of units in value range and also assuming that the number of housing units remained constant.)*

As shown in Table 15 above, 48% of owner occupied housing in the ABLA neighborhood area was over \$250,000 in value in 2000. In 2004-5 (or when all the proposed CHA units are completed), this percentage will increase to 71%. Nearly half of all housing units will be over \$300,000 in value. And this is a conservative estimate, because it is possible that 10% of the 2-bedroom units in University Commons could be over \$300,000 if they added \$35,000 for parking instead of \$30,000 as we assumed¹². As we have shown throughout this analysis, moderate-income families below 120% AMI can—at best—afford about 29% of the housing in the ABLA neighborhood area. The ABLA neighborhood area is very different from the city as a whole, in which the 2000 census showed that 87% of the owner occupied housing was valued at less than \$250,000, and using our definitions of affordability established earlier in this analysis,

¹² As noted in our preceding analysis of University Commons, adding the \$35,000 parking assessment to these units would push them into the \$300,000-\$350,000 price range. Also, future phases may be more expensive than current data.

this means that the majority of housing in Chicago would be affordable to moderate income families. As shown in Table 11, which is based on 2000 U.S. Census Table H74, SF3, only about 13% of the owner occupied housing units in the City of Chicago were valued at \$250,000 or higher and therefore would have been unaffordable to moderate income families. Current luxury construction in the ABLA neighborhood area will make the housing situation more unaffordable for these families.

Table 15 illustrates the dramatic effect of new construction in the area south of Roosevelt Road. In the area north of Roosevelt, the percentage of owner occupied housing valued at \$250,000 or higher will increase from 48 to 56%, the majority. However, there will be a slight percent decrease in the percentage of units valued at \$300,000 or more. In the area south of Roosevelt, an overwhelming majority, 78%, of the housing will be valued at \$250,000 or higher. Half of the units in the area south of Roosevelt Rd. will be valued over \$300,000. (And this is a conservative estimate because it does not include the \$35,000 parking assessment for some of the University Commons units—all units were assumed to have \$30,000 parking assessment.)

The price of housing in the ABLA neighborhood area has major implications for the income mix of families that will live there.

Income mix of families in the ABLA neighborhood area: According to the U.S. Department of Housing and Urban Development (HUD), the 2002 Chicago metro area median income for a family of 3 was \$67,900. (The “median” is the point at which half are above and half are below. The area median income, AMI, is used by HUD to establish eligibility for housing assistance and varies by the number of persons in the family, from 1 to 8.) A “low-income” family of 3 earned between 50% and 80% of the AMI (\$33,950 to \$48,950). A “moderate-income” family of 3 earned up to 120% of the AMI (\$81,480). In the City of Chicago, the median family income was \$42,724 in 1999 and the median household income was \$38,625 in 1999 (2000 U.S. Census, Tables P53 and P77, SF3). The average income of CHA households in the family developments is \$10,024.¹³ The average income for ABLA residents is \$6,540.

As we have demonstrated, 20% of the families in the ABLA neighborhood area earned more than \$100,000 per year in 1999 (see Table 5). By 2005, new luxury development will cause wealthy families to become the majority in the ABLA neighborhood area, with public housing and low- to moderate-income families representing—at most—a combined total of 30% of the families. This is because, as presented in Table 15, a minimum of 71% of the owner-occupied housing in the ABLA neighborhood area will be valued at \$250,000 or more and will only be affordable to families earning more than 120% of the AMI.

¹³ Moving To Work Annual Plan for Transformation FY 2004-Year 5 Summary, Chicago Housing Authority, page 60.

SECTION 5. A DESCRIPTION OF THE CHA'S REDEVELOPMENT PLAN.

According to the latest version of the CHA's redevelopment plan, 2441 new units of housing will be constructed in addition to the existing 329 units at the Robert Brooks Homes and the 126 units at Loomis Courts, which will be rehabbed. Robert Brooks Homes will remain as CHA rental housing and Loomis Courts will be affordable, for sale. The 329 existing housing units that will remain at Brooks are all located in the southwest quadrant of the ABLA area, that is, south of Roosevelt Road and west of Racine Avenue, in census tract 2839. In addition, the CHA intends to build 1,469 new units of housing in this census tract—which represents 60% of the new housing that will be built in its redevelopment plan. Another 293 CHA units will be built just east of Racine Avenue (between Racine and Blue Island) and south of Roosevelt, in census tract 2838. This means that a total of 1,762 new CHA units (72% of the total new construction) will be built south of Roosevelt Road, and relatively few, 679 (28% of the total new construction), will be built north of Roosevelt Road. Considering that there will be 329 units of CHA housing already located in the area south of Roosevelt Road, an overwhelming majority, 80%, of the total CHA public housing in the ABLA plan will be located south of Roosevelt Road and west of Blue Island Avenue. The number and type of housing units in the CHA's plan are shown in Table 16. This clearly shows that of 1084 units of public housing (new and rehabbed) that are part of the plan, all but 213 (19.6%) will be located south of Roosevelt Road.

TABLE 16. NUMBER, TYPE AND LOCATION UNITS IN ABLA REDEVELOPMENT PLAN (Source: CHA)

	North of Roosevelt Road	South of Roosevelt Road	TOTAL	NOTES
TYPE OF UNIT	#	#	#	
Brooks Homes (exist. pub. hsg)		329	329	80% of public housing is located S. of Roosevelt Rd., 20% North.
CHA Rental (new pub. hsg)	213	542	755	
Subtotal: Public Housing	213	871	1084	
Loomis Courts (exist., afford. sale)		126	126	78% of affordable housing is located S. of Roosevelt Rd., 22% is North of Roosevelt.
Rental--affordable (new)	86	249	335	
For Sale CHA (new)	14	36	50	
For Sale--affordable (new)	90	245	335	
Subtotal: Affordable Housing	190	656	846	
For Sale Mkt Rate (new)	276	690	966	71% of market rate housing is located S. of Roosevelt Rd., 29% North.
TOTAL	679	2217	2896	

Another way to look at the distribution and type of units is presented in Table 17. This table clearly shows that affordable and public housing units make up a larger proportion of the development that is south of Roosevelt Road, while market rate housing comprises a larger percentage of the development that is north of Roosevelt Road. 41% of the units located north of Roosevelt Road are market rate, while 31% of the units south of Roosevelt Road are market rate. Conversely, 31% of the units north of Roosevelt Road are public housing, while a larger percentage, 39%, of the development south of Roosevelt Road is public housing.

TABLE 17. ABLA REDEVELOPMENT PLAN (Source: CHA)

NORTH OF ROOSEVELT ROAD					
LESS THAN 50% AMI		"AFFORDABLE" (less than 120% AMI)		"MARKET RATE" (more than 120% AMI)	
Rental ACC (Public Housing)		Rental AFF (50-120% AMI)		276	ABLA redevelopment
213	ABLA redevelopment	86	ABLA redevelopment		
		For Sale AFF (50-120% AMI)			
		90	ABLA redevelopment		
		For Sale to CHA families			
		14	ABLA redevelopment		
213	public housing	190	affordable	276	market rate
31%	of tot. N.of Roosevelt	28%	of tot. N.of Roosevelt	41%	of tot. N.of Roosevelt
SOUTH OF ROOSEVELT ROAD					
LESS THAN 50% AMI		"AFFORDABLE" (less than 120% AMI)		"MARKET RATE" (more than 120% AMI)	
Rental ACC (Public Housing)		Rental AFF (50-120% AMI)			
542	ABLA redevelopment	249	ABLA redevelopment	690	ABLA redevelopment
329	Brooks Homes (exst)				
		For Sale AFF (50-120% AMI)			
		245	ABLA redevelopment		
		Rental/For sale (35-120% AMI)			
		126	Loomis Cts (exist.)		
		For Sale to CHA families			
		36	ABLA redevelopment		
871	public housing total	656	affordable	690	market rate
39%	of tot. S.of Roosevelt	30%	of tot. S.of Roosevelt	31%	of tot. S.of Roosevelt

**TABLE 18 (Part 2 of 2). FUTURE TOTAL HOUSING UNITS (2004-5)
ABLA NEIGHBORHOOD AREA.**

(Sources: 2000 U.S. Census Table H1, SF1, CHA, University Village, University Commons)

South of Roosevelt, East of Racine								
Census Tract 2837		Census Tract 2838						
Census Tract 2837 (2000 Census)	University Village	Census Tract 2838 (2000 Census)	University Commons	New CHA Rental ACC	New CHA Rental AFF	New CHA for sale--CHA	New CHA for sale--AFF	New CHA for sale--Mkt Rate
10	930	625	850	81	41	5	53	113
total	940	total housing units in tract 2838 (projected)						1768
pub hsg	0	total "traditional" public housing units in 2838						81
		% public housing in census tract						4.6
Total housing units South of Roosevelt East of Racine = 2708; Traditional public housing rental = 81; % public housing in quadrant = 3%.								

South of Roosevelt, West of Racine								
Census Tract 2839								
Census Tract 2839 (2000 Census minus Loomis & Brooks)	Existing CHA Loomis Courts (will be AFF 35- 120 AMI)	Existing CHA Brooks Homes "trditional" CHA		New CHA Rental ACC	New CHA Rental AFF	New CHA for sale--CHA	New CHA for sale--AFF	New CHA for sale--Mkt Rate
1437	126	329		461	208	31	192	577
total housing units in tract 2839 (projected)								3361
total "traditional" public housing units in 2839								790
% public housing in quadrant								23.5
Total housing units South of Roosevelt West of Racine = 3361; Traditional public housing rental = 790; % public housing in quadrant = 24%.								

TABLE 1 - Unit Calculations by Income Categories for Phase 1 Overall Development

Owner - Market Rate (MR)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner MR	Number of Units	% of Total
7	1a	3 unit	3	100%	21	
6	1b	3 unit	3	100%	18	
8	2a	6 unit	6	50%	24	
5	2c	6 unit	6	50%	15	
8	3a	TH	1	100%	8	
16	3b	TH	1	100%	16	
12	3c	TH	1	100%	12	
1	4	12 unit	12	50%	6	
1	5a	46 unit	46	50%	23	
1	5b	27 unit	27	50%	13.5 *	
2	6	3 + retail	3	100%	6	
					162.5	36.43%
Owner - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner AF	Number of Units	% of Total
6	1c	3 unit	3	100%	18	
8	2a	6 unit	6	50%	24	
5	2c	6 unit	6	50%	15	
1	4	12 unit	12	50%	6	
1	5a	46 unit	46	50%	23	
1	5b	27 unit	27	50%	13.5 *	
					99.5	22.31%
Rental - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental AF	Number of Units	% of Total
13	11a	3 unit	3	50%	19.5 *	
7	11b	3 unit	3	50%	10.5 *	
1	11c	3 unit	3	50%	1.5	
3	12a	6 unit	6	50%	9	
2	12b	6 unit	6	50%	6	
8	13a	2 unit TH	2	50%	8	
4	13b	2 unit TH	2	50%	4	
2	13c	2 unit TH	2	50%	2	
2	14a	15 unit	15	50%	15	
2	14b	9 unit	9	50%	9	
4	15	2 + retail	2	50%	4	
1	16	7 + retail	7	50%	3.5 *	
					92	20.63%
Total AF					191.5	42.94%
Rental - Public Housing (PH)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental PH	Number of Units	% of Total
13	11a	3 unit	3	50%	19.5 *	
7	11b	3 unit	3	50%	10.5 *	
1	11c	3 unit	3	50%	1.5 *	
3	12a	6 unit	6	50%	9	
2	12b	6 unit	6	50%	6	
8	13a	2 unit TH	2	50%	8	
4	13b	2 unit TH	2	50%	4	
2	13c	2 unit TH	2	50%	2	
2	14a	15 unit	15	50%	15	
2	14b	9 unit	9	50%	9	
4	15	2 + retail	2	50%	4	
1	16	7 + retail	7	50%	3.5 *	
					92	20.63%
Total AF & PH					283.5	63.57%
TOTAL					446	100.00%

TABLE 2 - Unit Calculations by Income Categories for Phase 1 North of Roosevelt Road

Owner - Market Rate (MR)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner MR	Number of Units	% of Total
1	1a	3 unit	3	100.00%	3	
3	1b	3 unit	3	100.00%	9	
3	2a	6 unit	6	50.00%	9	
5	2c	6 unit	6	50.00%	15	
16	3b	TH	1	100.00%	16	
12	3c	TH	1	100.00%	12	
1	4	12 unit	12	50.00%	6	
2	6	3 + Retail	3	100.00%	6	
					76	40.86%
Owner - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner AF	Number of Units	% of Total
3	2a	6 unit	6	50.00%	9	
5	2c	6 unit	6	50.00%	15	
1	4	12 unit	12	50.00%	6	
					30	16.13%
Rental - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental AF	Number of Units	% of Total
5	11a	3 unit	3	50.00%	7.5 *	
3	11b	3 unit	3	50.00%	4.5 *	
1	12b	6 unit	6	50.00%	3	
8	13a	2 unit TH	2	50.00%	8	
2	13c	2 unit TH	2	50.00%	2	
1	14a	15 unit	15	50.00%	7.5 *	
4	15	2 + Retail	2	50.00%	4	
1	16	7 + Retail	7	50.00%	3.5 *	
					40	21.51%
Total AF					70	37.63%
Rental - Public Housing (PH)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental PH	Number of Units	% of Total
5	11a	3 unit	3	50.00%	7.5 *	
3	11b	3 unit	3	50.00%	4.5 *	
1	12b	6 unit	6	50.00%	3	
8	13a	2 unit TH	2	50.00%	8	
2	13c	2 unit TH	2	50.00%	2	
1	14a	15 unit	15	50.00%	7.5 *	
4	15	2 + Retail	2	50.00%	4	
1	16	7 + Retail	7	50.00%	3.5 *	
					40	21.51%
Total AF & PH					110	59.14%
TOTAL					186	100.00%

TABLE 3 - Unit Calculations by Income Categories for Phase 1 South of Roosevelt Road

Owner - Market Rate (MR)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner MR	Number of Units	% of Total
6	1a	3 unit	3	100.00%	18	
3	1b	3 unit	3	100.00%	9	
5	2a	6 unit	6	50.00%	15	
8	3a	TH	1	100.00%	8	
1	5a	46 unit	46	50.00%	23	
1	5b	27 unit	27	50.00%	13.5 *	
					86.5	33.27%
Owner - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner AF	Number of Units	% of Total
6	1c	3 unit	3	100.00%	18	
5	2a	6 unit	6	50.00%	15	
1	5a	46 unit	46	50.00%	23	
1	5b	27 unit	27	50.00%	13.5 *	
					69.5	26.73%
Rental - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental AF	Number of Units	% of Total
8	11a	3 unit	3	50.00%	12	
4	11b	3 unit	3	50.00%	6	
1	11c	3 unit	3	50.00%	1.5 *	
3	12a	6 unit	6	50.00%	9	
1	12b	6 unit	6	50.00%	3	
4	13b	2 unit TH	2	50.00%	4	
1	14a	15 unit	15	50.00%	7.5 *	
2	14b	9 unit	9	50.00%	9	
					52	20.00%
Total AF					121.5	46.73%
Rental - Public Housing (PH)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental PH	Number of Units	% of Total
8	11a	3 unit	3	50.00%	12	
4	11b	3 unit	3	50.00%	6	
1	11c	3 unit	3	50.00%	1.5 *	
3	12a	6 unit	6	50.00%	9	
1	12b	6 unit	6	50.00%	3	
4	13b	2 unit TH	2	50.00%	4	
1	14a	15 unit	15	50.00%	7.5 *	
2	14b	9 unit	9	50.00%	9	
					52	20.00%
Total AF & PH					173.5	66.73%
TOTAL					260	100.00%

* Numbers of units were calculated based on Phase 1 Rendering Key Plan for Roosevelt Square dated August 20, 2003. Half units occur when there are odd numbers of units in a building and the Key Plan shows the building for two different users. The actual number of units for each income group in these buildings was not represented on the drawings.

Exhibit D

**Statement by
Roberta Feldman**

Professor of Architecture
Co-Director
City Design Center at the University of Illinois at Chicago

May 2004

Statement on the ABLA Redevelopment Plan

Roberta M. Feldman, Ph.D.

Professor of Architecture,
Co-Director of the City Design Center,
University of Illinois at Chicago.

May 12, 2004

I. As implemented, the CHA's ABLA Redevelopment Plan inhibits the full integration of public housing residents in the post-redevelopment community.

The public housing units are not distributed equitably in CHA's ABLA Redevelopment plan, resulting in intra-development segregation.

1. CHA has incorrectly treated the ABLA site as one entity, even though ABLA was historically four separate developments, and though Roosevelt Road effectively divides the development.
2. When the CHA calculates the mix of income groups in its ABLA redevelopment plan, they do so from the perspective of the entire four-development complex. Originally, ABLA was four separate developments—Grace Abbott Homes, Robert H. Brooks Homes and Extension, Loomis Courts, and Jane Addams Homes—built at different times.¹ Later, the four developments were combined into one administrative unit called ABLA, an acronym for each of the four developments. There is no evidence to suggest that these four developments functioned as one, except for CHA's administrative purposes.
3. In addition, Roosevelt Road acts as a barrier between the north and south side housing in the ABLA Redevelopment plan. Empirical research has shown that streets with the number of traffic lanes as Roosevelt Road (a total of six lanes consisting of five moving lanes, one parking lane, and a central median strip), the street that divides the ABLA site, act as an ecological barrier to the formation of social relationships and communities; that is, they discourage social interaction, preventing the formation of community across this size road.² This empirical research suggests that the north and south sides of Roosevelt Road should be treated as separate developments in the ABLA Redevelopment plan, and the income mix for the north and south sides of the new development therefore should be calculated separately.

¹ Bowly, D., (1978), *The Poorhouse, Subsidized Housing in Chicago 1895-1976*, Carbondale; Southern Illinois University Press.

² Appleyard, D. (1981), *Livable Streets*, Berkeley; University of California Press. Appleyard's research is the seminal study of the impact of street size, measured by the number of traffic lanes, on social life.

4. CHA has failed to account for the Brooks Homes in determining the equitable distribution of units in the ABLA redevelopment plan.
5. Historically, Brooks Homes is one of the three developments on the south side of Roosevelt Road, but its presence has not been acknowledged in the distribution of public housing units in the ABLA Redevelopment plan. Brooks Homes consists of 329 public housing units. Brooks Homes will not be demolished, but will remain all public housing units. Brooks Homes therefore should be counted in the public housing distribution south of Roosevelt Road in the ABLA Redevelopment plan.
6. When all of the rehabbed and redeveloped units are considered, the ABLA redevelopment plan results in an unequal income mix north and south of Roosevelt Road, and intra-development segregation.
7. Without counting the Brooks Homes, CHA's Redevelopment plan calls for 31% construction of new public housing units on both the north side (213 out of a total of 679 new units) and south side (542 out of a total of 1762 new units) of Roosevelt Road, the natural dividing line. When the 329-unit rehabilitated Brooks Homes is added to the number of new public housing units on the south side of Roosevelt Road, the income mix is unbalanced, with 39% of public housing units (871 out of a total 2217 units) on the south side. In addition, CHA's Redevelopment plan does not account for Loomis Courts, which will become "affordable," with no market rate or public housing residents. Thus, the overwhelming majority—80%—of the new and rehabilitated public housing units (871 out of a total of 1084) will be south of Roosevelt Road in an area that is already 97% African-American. To have an equitable and comparable mix of public housing units on the north and south sides of Roosevelt Road, the percent of public housing units on the north side must be increased.

The public housing units are not evenly interspersed with market rate units throughout the development's different building types, resulting in intra-development segregation.

8. In the Phase I of the ABLA Redevelopment Plan provided by the developer and dated August 20, 2003, the location of public housing units in particular building types segregates public housing residents. All public housing units (92 units) are in multi-family buildings shared with affordable housing units (192) (see appended Tables 1 through 3 for unit calculations).³ There are no public housing units in buildings with market rate units.

³ Numbers of units were calculated based on Phase 1 Rendering Key Plan for Roosevelt Square dated August 20, 2003. Half units occurred when there are odd numbers of units in a building and the Key Plan shows the building for two different users. The actual number of units for each income group in these buildings was not represented on the drawings. The half units were rounded off to avoid confusion.

9. As noted above, there will be no integration of the residents of the Brooks Homes, as it will remain all public housing units. Likewise, Loomis Courts will become all "affordable" with no mix of market rate or public housing residents.

The ABLA buildings with public housing units look different from the buildings with market rate units, further inhibiting hopes of community integration among income groups.

10. In Phase I of the ABLA Redevelopment Plan, the building renderings (see Appendix 2) show that the visual appearance of the multi-family buildings that have public housing units will be externally distinguishable from the buildings with market rate units by their lower design quality; that is, the exteriors of the buildings have less architectural details and interest than the buildings designated for market rate housing. The multi-family buildings with public housing units are bland and boxy, a visual appearance that is reminiscent of the public housing buildings that were demolished.
11. The exterior appearance of the Brooks Homes – recall all public housing units -- differs substantially from the appearance of the buildings indicated in the Phase 1 renderings.

CHA's ABLA Redevelopment Plan is contrary to the CHA's own stated goal to create an integrated community.

12. CHA's Development Goal F in its June 17, 2002 Request for Proposals for ABLA Master Developer requires the following: "disperse units for each income group throughout the entire redevelopment area to the maximum extent possible, not only within blocks but also within buildings and amongst a variety of housing types" (p.17). As noted above, the proposed distribution of income groups by location and building type shows that full integration of public housing residents will not occur and that Goal F is not satisfied.
13. CHA's Plan for Transformation wisely requires the following to avoid stigmatizing public housing residents: "the public housing units will look no different than those intended for market-rate customers" (MTW Annual Plan for Transformation – Year 5, Ch.1, p.7). Development Goal D in CHA's Request for Proposals for the Mixed-Income Redevelopment of ABLA Homes (June 12, 2002) also states that the design of the development should "ensure that the public housing is externally indistinguishable in quality and visual appearance from the other rental housing and the uniformly high design and construction standards are met or exceeded for all housing" (p.17). As noted above, the visual appearance of the multi-family buildings with public housing units are visually different and of lower design quality.

II. To date, the vast majority of ABLA public housing residents have been unwillingly displaced from their homes and communities.

14. In August 1995, there were approximately 2,500 families living in ABLA. Only 755 units are being provided for very low-income families.

Case studies prove that public housing communities are viable.

15. Current empirical case studies of two developments in Chicago public housing, Robert Taylor Homes and Wentworth Gardens, show that residents of these developments have formed viable communities that are not dysfunctional, but rather necessary for survival.⁴ Public housing residents form extended households with related and non-related others to meet their necessary daily needs. These strong relationships are essential for the survival of these low-income communities.
16. Current research also suggests that improved physical conditions of dwellings and sites, whether renovated or new, good policing, appropriate social services, and the participation of residents in decisions about their housing are what the majority of public housing residents (who have been questioned) state are the answers.⁵

Public housing residents want to stay in their homes and communities.

17. The transformation plan for Chicago public housing does not take into account survey data that showed that the majority of public housing residents wanted to remain in their homes and/or communities (that is, the renovated buildings or new housing developed on the prior public housing site or surrounding neighborhood). Before the transformation for public housing had begun, the Chicago Metropolitan Planning Council (MPC) conducted a survey in three high-rise Chicago Housing Authority family developments.⁶ MPC found that most residents expressed the desire to remain in their developments, although they indicated considerable dissatisfaction with their housing conditions. CHA also surveyed residents of three of its largest family developments, Henry Horner, Robert Taylor, and Cabrini Green Homes, as part of their redevelopment plans.⁷ With the exception of Robert Taylor, the vast majority of residents stated preferences to remain in the redeveloped public housing developments or in replacement housing in the immediate neighborhood. And the CHA's own data,

⁴ Feldman, R. M. & Stall, S. (2004). *The dignity of resistance: Women residents' activism in Chicago public housing*, Cambridge. Venkatesh, S. A. (2000). *American project: the rise and fall of a modern ghetto*, MA: Harvard University Press.

⁵ Feldman, R. M. & Stall, S. (2004). *The dignity of resistance: Women residents' activism in Chicago public housing*, Cambridge; Metropolitan Planning Council. (1996). Untapped potentials: The capacities, needs and views of Chicago's highrise public housing residents. Report issued by MPC, September.

⁶ Metropolitan Planning Council. (1996). Untapped potentials: The capacities, needs and views of Chicago's highrise public housing residents. Report issued by MPC, September.

⁷ Henderson, H. (1998, May 29). There goes their neighborhood. *Reader*, Section 1, pp. 1, 18, 20, 24.

through the resident completed housing choice surveys, indicate that 90% of the residents would like to return to public housing if given the opportunity. Yet current CHA plans, including those for ABLA, provide that only 31% of new public housing units at ABLA are reserved for families earning between 0-35% of the AMI, assuming those families pass ABLA's rigid screening criteria. Thus the number of units available for prior public housing residents in the newly developed mixed income developments is considerably less than the number of residents who noted in surveys that they wanted to remain in their housing and/or neighborhoods.

TABLE 1 - Unit Calculations by Income Categories for Phase 1 Overall Development

Owner - Market Rate (MR)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner MR	Number of Units	% of Total
7	1a	3 unit	3	100%	21	
6	1b	3 unit	3	100%	18	
8	2a	6 unit	6	50%	24	
5	2c	6 unit	6	50%	15	
8	3a	TH	1	100%	8	
16	3b	TH	1	100%	16	
12	3c	TH	1	100%	12	
1	4	12 unit	12	50%	6	
1	5a	46 unit	46	50%	23	
1	5b	27 unit	27	50%	13.5 *	
2	6	3 + retail	3	100%	6	
					162.5	36.43%
Owner - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner AF	Number of Units	% of Total
6	1c	3 unit	3	100%	18	
8	2a	6 unit	6	50%	24	
5	2c	6 unit	6	50%	15	
1	4	12 unit	12	50%	6	
1	5a	46 unit	46	50%	23	
1	5b	27 unit	27	50%	13.5 *	
					99.5	22.31%
Rental - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental AF	Number of Units	% of Total
13	11a	3 unit	3	50%	19.5 *	
7	11b	3 unit	3	50%	10.5 *	
1	11c	3 unit	3	50%	1.5 *	
3	12a	6 unit	6	50%	9	
2	12b	6 unit	6	50%	6	
8	13a	2 unit TH	2	50%	8	
4	13b	2 unit TH	2	50%	4	
2	13c	2 unit TH	2	50%	2	
2	14a	15 unit	15	50%	15	
2	14b	9 unit	9	50%	9	
4	15	2 + retail	2	50%	4	
1	16	7 + retail	7	50%	3.5 *	
					92	20.63%
Total AF					191.5	42.94%
Rental - Public Housing (PH)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental PH	Number of Units	% of Total
13	11a	3 unit	3	50%	19.5 *	
7	11b	3 unit	3	50%	10.5 *	
1	11c	3 unit	3	50%	1.5 *	
3	12a	6 unit	6	50%	9	
2	12b	6 unit	6	50%	6	
8	13a	2 unit TH	2	50%	8	
4	13b	2 unit TH	2	50%	4	
2	13c	2 unit TH	2	50%	2	
2	14a	15 unit	15	50%	15	
2	14b	9 unit	9	50%	9	
4	15	2 + retail	2	50%	4	
1	16	7 + retail	7	50%	3.5 *	
					92	20.63%
Total AF & PH					283.5	63.57%
TOTAL					446	100.00%

TABLE 2 - Unit Calculations by Income Categories for Phase 1 North of Roosevelt Road

Owner - Market Rate (MR)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner MR	Number of Units	% of Total
1	1a	3 unit	3	100.00%	3	
3	1b	3 unit	3	100.00%	9	
3	2a	6 unit	6	50.00%	9	
5	2c	6 unit	6	50.00%	15	
16	3b	TH	1	100.00%	16	
12	3c	TH	1	100.00%	12	
1	4	12 unit	12	50.00%	6	
2	6	3 + Retail	3	100.00%	6	
					76	40.86%
Owner - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner AF	Number of Units	% of Total
3	2a	6 unit	6	50.00%	9	
5	2c	6 unit	6	50.00%	15	
1	4	12 unit	12	50.00%	6	
					30	16.13%
Rental - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental AF	Number of Units	% of Total
5	11a	3 unit	3	50.00%	7.5 *	
3	11b	3 unit	3	50.00%	4.5 *	
1	12b	6 unit	6	50.00%	3	
8	13a	2 unit TH	2	50.00%	8	
2	13c	2 unit TH	2	50.00%	2	
1	14a	15 unit	15	50.00%	7.5 *	
4	15	2 + Retail	2	50.00%	4	
1	16	7 + Retail	7	50.00%	3.5 *	
					40	21.51%
Total AF					70	37.63%
Rental - Public Housing (PH)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental PH	Number of Units	% of Total
5	11a	3 unit	3	50.00%	7.5 *	
3	11b	3 unit	3	50.00%	4.5 *	
1	12b	6 unit	6	50.00%	3	
8	13a	2 unit TH	2	50.00%	8	
2	13c	2 unit TH	2	50.00%	2	
1	14a	15 unit	15	50.00%	7.5 *	
4	15	2 + Retail	2	50.00%	4	
1	16	7 + Retail	7	50.00%	3.5 *	
					40	21.51%
Total AF & PH					110	59.14%
TOTAL					186	100.00%

TABLE 3 - Unit Calculations by Income Categories for Phase 1 South of Roosevelt Road

Owner - Market Rate (MR)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner MR	Number of Units	% of Total
6	1a	3 unit	3	100.00%	18	
3	1b	3 unit	3	100.00%	9	
5	2a	6 unit	6	50.00%	15	
8	3a	TH	1	100.00%	8	
1	5a	46 unit	46	50.00%	23	
1	5b	27 unit	27	50.00%	13.5 *	
					86.5	33.27%
Owner - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Owner AF	Number of Units	% of Total
6	1c	3 unit	3	100.00%	18	
5	2a	6 unit	6	50.00%	15	
1	5a	46 unit	46	50.00%	23	
1	5b	27 unit	27	50.00%	13.5 *	
					69.5	26.73%
Rental - Affordable (AF)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental AF	Number of Units	% of Total
8	11a	3 unit	3	50.00%	12	
4	11b	3 unit	3	50.00%	6	
1	11c	3 unit	3	50.00%	1.5 *	
3	12a	6 unit	6	50.00%	9	
1	12b	6 unit	6	50.00%	3	
4	13b	2 unit TH	2	50.00%	4	
1	14a	15 unit	15	50.00%	7.5 *	
2	14b	9 unit	9	50.00%	9	
					52	20.00%
Total AF					121.5	46.73%
Rental - Public Housing (PH)						
Number of Buildings	Unit Code	Type of Bldg	Units/ Bldg	% Rental PH	Number of Units	% of Total
8	11a	3 unit	3	50.00%	12	
4	11b	3 unit	3	50.00%	6	
1	11c	3 unit	3	50.00%	1.5 *	
3	12a	6 unit	6	50.00%	9	
1	12b	6 unit	6	50.00%	3	
4	13b	2 unit TH	2	50.00%	4	
1	14a	15 unit	15	50.00%	7.5 *	
2	14b	9 unit	9	50.00%	9	
					52	20.00%
Total AF & PH					173.5	66.73%
TOTAL					260	100.00%

* Numbers of units were calculated based on Phase 1 Rendering Key Plan for Roosevelt Square dated August 20, 2003. Half units occur when there are odd numbers of units in a building and the Key Plan shows the building for two different users. The actual number of units for each income group in these buildings was not represented on the drawings.

APPENDIX 2

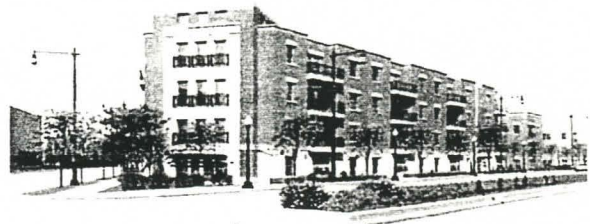
COMPARISON OF THE EXTERIOR APPEARANCE OF PHASE I ABLA REDEVELOPMENT PLAN - PUBLIC HOUSING VS. MARKET RATE

PUBLIC HOUSING

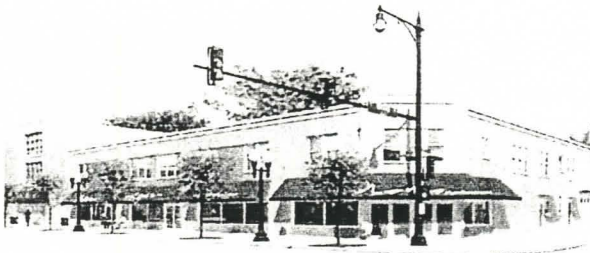


Public Housing Units on South Side of Roosevelt Road

MARKET RATE



Market Rate units on South Side of Roosevelt Road



Public Housing Units on North Side of Taylor Street



Market Rate Units on South Side of Taylor Street

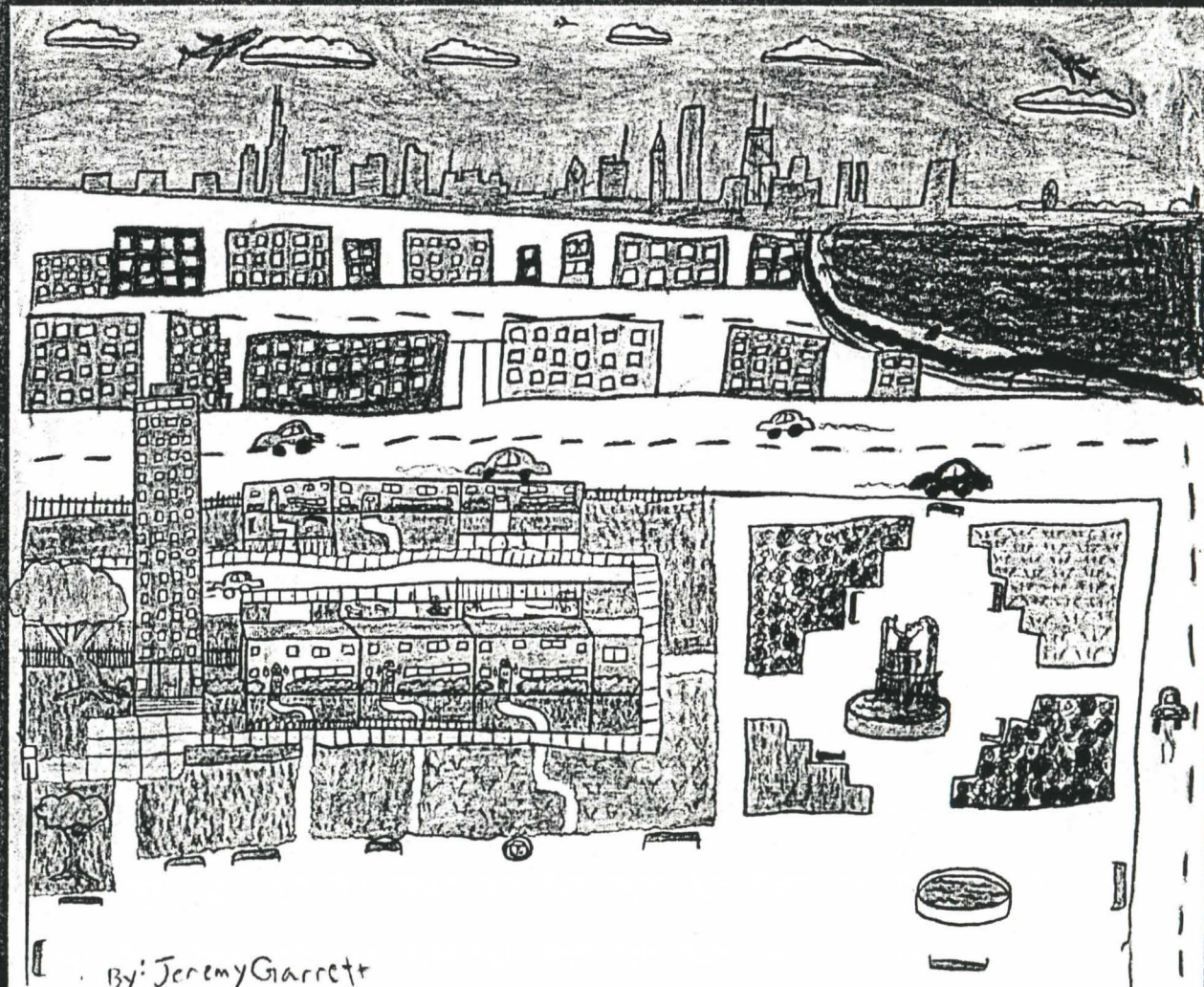
NOTE: Building renderings provided by developer for Phase I ABLA Redevelopment Plan dated August 20, 2003.

Exhibit E

Moving To Work (MTW)
Annual Plan for Transformation
FY2004 - Year 5
October 21, 2003

DO
YOU
HAVE
A
VISION
FOR

CHANGE.
CHICAGO HOUSING AUTHORITY



A B L A

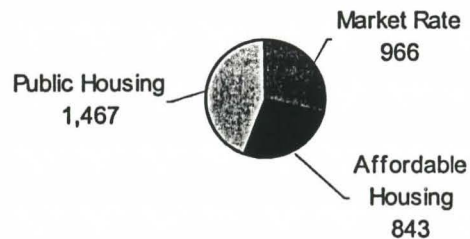
(Grace Abbott Homes/Robert H. Brooks Homes and Extension/Loomis Courts/Jane Addams Homes)

The ABLA community is located south of the University of Illinois at Chicago (UIC) and east of the Medical Center. The CHA sparked this neighborhood's turnaround with the demolition of gallery-style high-rises and established a standard for future redevelopment with its townhomes. Significant private investments began in the surrounding community shortly after this demolition. Redevelopment of the ABLA site will take place in phases over the next several years and will transform this neighborhood into a mixed-income community with both rental and home ownership opportunities, while providing numerous job opportunities for CHA residents.

In the first quarter of FY2004, the CHA will begin construction on the first phase of Roosevelt Square. This new community will be located west of Racine Avenue between Arthington Street and Roosevelt Road and east of Racine Avenue between Blue Island Avenue and Roosevelt Road. This phase will produce 129 public housing rental units and eight public housing home ownership units built on land owned by the CHA.

The public housing units range in size from one to four bedrooms and are located in three and six-flat buildings as well as townhomes. The public housing units will look no different than those units intended for market-rate customers. The redevelopment plan for this site also includes mixed-use buildings with ground-floor retail space to further stimulate economic development along Roosevelt Road.

ABLA Redevelopment



Many partners have helped create the master redevelopment plan for Roosevelt Square and the future redevelopment of ABLA. The City of Chicago assisted with the initial planning phases and also committed financing to complete infrastructure and street improvements for the redeveloped ABLA site. Various city sister agencies will also contribute to ABLA's success. Construction on the new community center at Fosco Park, which will include an indoor swimming pool, gym, and daycare, began in FY2003 and is scheduled to be completed in FY2004. New fire and police stations are also scheduled to open near ABLA.

ABLA Public Housing Unit Delivery Plan

Total Planned Units	Units Delivered Through FY2003	Units Under Construction FY2004	FY2004 Planned Units	FY2005 Planned Units	FY2006 Planned Units	FY2007 Planned Units	FY2008 Planned Units	FY2009 Planned Units
1,467	329	129	0	129	141	215	326	327

**Includes units projected by year end FY2003.*



ABLA Facts:

- Built between 1937 and 1963, it is comprised of five developments: Abbot Homes, Brooks Homes and Extension, Loomis Courts and Addams Homes.
- ABLA is located just two miles southwest of downtown on over 80 acres of land.

Exhibit F

**Statement by
Edward G. Goetz**

Professor of Planning and Public Affairs
Director of Urban and Regional Planning Program
Associate Dean

Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota

April 2004

Statement by Edward G. Goetz

Professor of Planning and Public Affairs,
Director of Urban and Regional Planning Program,
and Associate Dean
Hubert H. Humphrey Institute of Public Affairs
University of Minnesota

April 26, 2004

This statement is based on an analysis of 32 HUD HOPE VI redevelopment sites across the country. The analysis examines the 2000 census data for the neighborhoods that include and surround each of the 32 redevelopment sites. The findings for these sites are compared to the census information on the ABLA neighborhood as described in the study of Patricia A. Wright and Nancy Wallace Hudspeth of the Nathalie P. Voorhees Neighborhood Center, University of Illinois at Chicago.

The analysis shows that while the demographics of the ABLA site are average on many dimensions compared with the 32 HOPE VI sites, the ABLA neighborhood stands out on two measures, the percentage of the population in the neighborhood with very high incomes (greater than \$100,000) and the percentage of owner-occupied housing with very high values (greater than \$200,000).

Second, the data make it very clear that the current spatial configuration of the ABLA redevelopment site concentrates low-income families, non-white households, and renters at unusually high levels in the southern portion (south of Roosevelt Road). At the same time, the concentration of white households, homeowners, and more affluent families in the northern part of the site (north

of Roosevelt Road) is unusually high compared to other HOPE VI sites.

DATA AND METHODS

Thirty-two HUD HOPE VI sites across the country were chosen as comparison sites for this study. These sites were chosen on the basis of having had some significant level of HOPE VI redevelopment occur before the 2000 census data were collected. In some cases this meant that redevelopment had been completed; in other cases it meant that relocation of public housing residents had occurred and/or demolition of the old public housing had begun or had been completed.

A second constraint on choosing the sample was exact address data for the HOPE VI project. Where this information was not available, it was impossible to locate the census data to describe the HOPE VI neighborhood. These constraints led to a sample of 32 projects, listed in table 1.

For each project, GIS software was used to draw a one-mile radius from the HOPE VI site. All census block groups whose centroid was located within the one-mile radius of the HOPE VI project were included in our definition of the "HOPE VI neighborhood." Maps 1 and 2 provide two examples of what these HOPE VI neighborhoods look like.

In more densely populated areas, the neighborhood will include more block groups and a larger population.

Table 1: HOPE VI study sites.

Project Name	City, State
Edwin Corning Homes	Albany, NY
Lafayette Courts	Baltimore, MD
Lexington Terrace	Baltimore, MD
Murphy Homes	Baltimore, MD
Mission Main	Boston, MA
Orchard Park	Boston, MA
Dalton Village	Charlotte, NC
Lamokin Village	Chester, PA
Darrow Homes	Chicago, IL
Robert Taylor Homes	Chicago, IL
Carver Park	Cleveland, OH
Riverview	Cleveland, OH
Summit Court	Dayton, OH
Kennedy Brothers Memorial	El Paso, TX
Pioneer Homes	Elizabeth, NJ
Jackson Parkway	Holyoke, MA
Curries Woods	Jersey City, NJ
Park Duvalle	Louisville, KY
Hillside Terrace	Milwaukee, WI
Elm Haven	New Haven, CT
C.J. Peete	New Orleans, LA
Walsh Homes	Newark, NJ
Christopher Columbus Homes	Paterson, NJ
Mill Creek	Philadelphia, PA
Manchester	Pittsburgh, PA
New Holly	Seattle, WA
Roxbury Village	Seattle, WA
John Hay Homes	Springfield, IL
Darst-Webbe	Saint Louis, MO
Southfield Village	Stamford, CT
Connie Chambers	Tucson, AZ
Robert S. Jervay Place	Wilmington, DE

The sample includes HOPE VI projects from all regions of the country and from cities of all sizes and types. Importantly, there are several HOPE VI projects from larger, Midwestern and Northeastern cities, cities most similar to Chicago in economic and demographic profile and trends.

ABLA COMPARED TO OTHER HOPE VI NEIGHBORHOODS

Table 2 shows some of the economic and demographic characteristics of the HOPE VI

neighborhoods in this study. The average redevelopment neighborhood had a poverty rate of 29.8%, a rate of child poverty of 40.8%, and just under 10% of the population receiving public assistance (see table 2).

Table 2: Characteristics of HOPE VI neighborhoods.

INCOME	Mean	Min	Max
Poverty	29.8	9.1	58.7
Child poverty	40.8	13.1	71.1
Receiving public asst.	9.5	3.4	30.1
Income < \$20,000	41.8	18.7	75.1
Income > \$100,000	6.1	1.2	20.6
Income > \$200,000	1.4	0.1	7.1
Employed	86.8	68.8	95.1
DEMOGRAPHIC			
White	27.3	0.6	69.1
Black	49.7	0.6	97.2
Hispanic	16.0	0.6	60.0
Other	7.1	1.1	94.2
Female-headed household	15.2	6.2	36.4
College degree	18.2	3.1	41.1
Children under 18	26.4	16.9	41.1
Seniors over 65	11.5	6.9	20.6
HOUSING STOCK			
Vacancy rate	13.6	3.5	25.9
Homeownership	34.1	13.7	64.1
Studio/One bedroom units	31.1	9.4	53.9
Two bedroom units	32.3	19.2	44.0
Three or more bedrooms	36.6	21.1	59.2
Housing value > \$200,000	15.6	0.0	80.0
Housing value > \$400,000	3.9	0.0	48.0

The ABLA HOPE VI site is above the average for both poverty and for affluence. The ABLA neighborhood is 41.2% poverty, above the mean for the other 32 HOPE VI neighborhoods. ABLA also has 41.3% of families making less than \$20,000 in income. This figure is right at the average for the other HOPE VI areas. Importantly, however, the ABLA site is 20% families with incomes over \$100,000, more than three times the average across the HOPE VI sites.

Income & Race

In the following tables we present a comparison of the ABLA project and each of the HOPE VI project neighborhoods in our sample. In each table we array the 32 HOPE

VI sites in ascending order for each of the neighborhood characteristics considered. For example, table 3 presents the percentage of the population with very low incomes in each of the HOPE VI neighborhoods, from lowest to highest. For this and the rest of the tables we present, we have added the overall ABLA percentage, but also the percentage for the northern and the southern parts of the ABLA project area (defined by using Roosevelt Road as the dividing line).

Table 3: Very low income population in HOPE VI neighborhoods.

Project Name	Very low income
Edwin Corning Homes	18.7
Roxbury Village	19.1
Southfield Village	19.4
New Holly	22.7
ABLA NORTH	24.2
Walsh Homes	26.9
Curries Woods	27.6
Christopher Columbus Homes	29.2
Pioneer Homes	33.9
Dalton Village	34.3
Darst-Webbe	37.1
Orchard Park	37.6
Mission Main	38.0
Elm Haven	39.6
Riverview	40.7
ABLA	41.3
Manchester	42.3
Park Duvalle	42.6
Lamokin Village	43.9
Jackson Parkway	43.9
Lafayette Courts	44.1
Kennedy Brothers Memorial	45.4
Summit Court	48.1
Hillside Terrace	49.6
Mill Creek	50.0
Murphy Homes	50.4
Connie Chambers	51.5
Lexington Terrace	51.7
Robert S. Jervay Place	52.7
Robert Taylor Homes	53.6
John Hay Homes	54.3
C.J. Peete	55.4
Darrow Homes	56.1
ABLA SOUTH	65.4
Carver Park	75.1

In table 3 we see that among the 32 comparison neighborhoods, the Edwin Corning Homes project in Albany, NY has the lowest percentage of very low income households, just 18.7%, while the Carver Park project neighborhood in Cleveland, Ohio has a population that is 75% very low income.

As mentioned previously, the ABLA neighborhood is right at the average for these HOPE VI neighborhoods, with 41.3% of the population having incomes less than \$20,000 in 2000. Table 3 also shows the extreme spatial disparity in the distribution of very low income families at ABLA. If the entire ABLA project site had the income characteristics of the portion south of Roosevelt Road, the neighborhood would have the second highest percentage of very low income families among all of the sites studied.

Conversely, the percentage of very low income families in the northern portion of the ABLA site is the fifth lowest among the other project neighborhoods in our sample. Thus, the average figure for low-income families at the ABLA site hides a significant disparity between the northern and southern portions of the neighborhood.

In table 4, the poverty rates for the HOPE VI neighborhoods are presented. Here we see that the Edwin Corning Homes project in Albany, NY has the least amount of neighborhood poverty, just 9.1 percent. The overall poverty rate for the ABLA neighborhood is among the highest for the 32 neighborhoods in our study.

The poverty figures mirror the very low-income data presented in table 3, in showing a significant disparity in poverty rates on either side of Roosevelt Road. The figure for the area south of Roosevelt Road is the

highest of any HOPE VI neighborhood in the study.

Table 4: Poverty in HOPE VI neighborhoods.

Project Name	Pct. below poverty level
Edwin Corning Homes	9.1
Roxbury Village	9.5
Southfield Village	10.8
Curries Woods	15.1
New Holly	15.4
Walsh Homes	16.6
Christopher Columbus Homes	19.5
Pioneer Homes	23.4
Dalton Village	24.4
Elm Haven	25.0
Orchard Park	27.2
Park Duvalle	28.4
Manchester	28.6
Lamokin Village	29.6
Darst-Webbe	29.9
ABLA NORTH	30.6
Mission Main	30.9
Robert S. Jervay Place	32.0
Kennedy Brothers Memorial	32.3
Summit Court	32.3
Lafayette Courts	32.6
Jackson Parkway	33.6
Riverview	33.8
Mill Creek	36.0
John Hay Homes	36.2
Hillside Terrace	37.0
Murphy Homes	37.2
Lexington Terrace	38.3
Connie Chambers	38.5
ABLA	41.2
C.J. Peete	42.9
Robert Taylor Homes	43.6
Darrow Homes	45.0
Carver Park	58.7
ABLA SOUTH	60.5

On the other side of the income spectrum are households with incomes greater than \$100,000. On this characteristic, the ABLA neighborhood is quite unusual. The percentage of very high income families in the ABLA neighborhood is exceeded by only one of the 32 other HOPE VI sites in our study, the Southfield Village neighborhood in Stamford, CT.

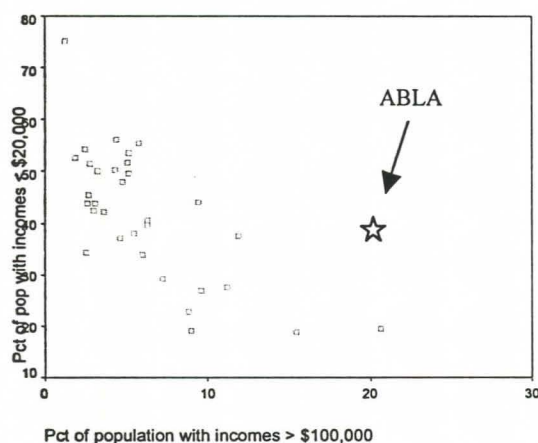
The distribution of affluent families is just as dramatically skewed as the distribution of very low-income families, but in the opposite direction (see table 5). There is only one HOPE VI neighborhood with fewer affluent families than the ABLA area south of Roosevelt. By the same token, the percentage of affluent families north of Roosevelt exceeds all other HOPE VI projects in the study.

Table 5: Households with incomes greater than \$100,000 by HOPE VI neighborhood

Project Name	Pct. with income over \$100,000
Carver Park	1.2
ABLA SOUTH	1.6
Robert S. Jervay Place	1.9
John Hay Homes	2.4
Dalton Village	2.5
Jackson Parkway	2.6
Kennedy Brothers Memorial	2.7
Connie Chambers	2.8
Park Duvalle	3.0
Lamokin Village	3.0
Mill Creek	3.2
Manchester	3.6
Murphy Homes	4.3
Darrow Homes	4.4
Darst-Webbe	4.6
Summit Court ABLA	4.7
Lexington Terrace	5.0
Hillside Terrace	5.1
Robert Taylor Homes	5.1
Mission Main	5.5
C.J. Peete	5.7
Pioneer Homes	6.0
Elm Haven	6.2
Riverview	6.3
Christopher Columbus Homes	7.2
New Holly	8.8
Roxbury Village	8.9
Lafayette Courts	9.5
Walsh Homes	9.6
Curries Woods	11.2
Orchard Park	11.9
Edwin Corning Homes	15.4
ABLA	20.0
Southfield Village	20.6
ABLA NORTH	24.7

The income data show that ABLA is unusual in its income mix. Figure 1 below locates the ABLA site relative to other HOPE VI redevelopment neighborhoods on the mix of very high- and very low-income households. As the figure shows, the ABLA redevelopment site is unusual in its income mix, primarily due to the very high percentage of affluent households relative to other HOPE VI project neighborhoods. The site is only average in the percentage of lower-income households.

Figure 1: Income mix in ABLA and other HOPE VI neighborhoods.



Another way of examining the income mix is to compute the ratio of affluent families to very low-income or poverty families. Tables 6 and 7 present these data. In table 6 the HOPE VI sites are arrayed from lowest to highest on the ratio of households with incomes greater than \$100,000 to households with incomes less than \$20,000. The data show only two HOPE VI neighborhoods with a ratio of affluent to very low-income families that is greater than the ABLA neighborhood.

The ratio for the ABLA neighborhood is more than twice the average ratio across the 32 sites. As the data show, however, the average is driven up by a few large values. Both the median and the mode for the

distribution shown in table 6 is .10. The ABLA ratio is almost five times that amount.

Table 6: Ratio of affluent families to very low-income families.

Project Name	Ratio of affluence to very low-inc
ABLA SOUTH	.02
Carver Park	.02
Robert S. Jervay Place	.04
John Hay Homes	.04
Connie Chambers	.05
Kennedy Brothers Memorial	.06
Jackson Parkway	.06
Mill Creek	.06
Lamokin Village	.07
Park Duvalle	.07
Dalton Village	.07
Darrow Homes	.08
Manchester	.09
Murphy Homes	.09
Robert Taylor Homes	.10
Lexington Terrace	.10
Summit Court	.10
Hillside Terrace	.10
C.J. Peete	.10
Darst-Webbe	.12
Mission Main	.14
Riverview	.15
Elm Haven	.16
Pioneer Homes	.18
Lafayette Courts	.21
Christopher Columbus Homes	.25
Orchard Park	.32
Walsh Homes	.36
New Holly	.39
Curries Woods	.41
Roxbury Village	.47
ABLA	.48
Edwin Corning Homes	.83
ABLA NORTH	1.02
Southfield Village	1.06

Table 7 shows the ratio of affluence (percentage of households with incomes over \$100,000) to poverty (percentage of persons below the poverty level) in the HOPE VI neighborhoods. The pattern shown is essentially a duplicate of that seen in table 6. The ABLA project as a whole has an extremely high ratio of affluence to poverty compared to the other 32 sites. Again, only

two HOPE VI neighborhoods exceed ABLA in this ratio, the Edwin Corning Homes neighborhood in Albany, and the Southfield Village neighborhood in Stamford, CT.

Table 7: Ratio of affluence to poverty in HOPE VI neighborhoods.

Project Name	Ratio of affluence to poverty
Carver Park	.02
ABLA SOUTH	.03
Robert S. Jervay Place	.06
John Hay Homes	.07
Connie Chambers	.07
Jackson Parkway	.08
Kennedy Brothers Memorial	.08
Mill Creek	.09
Darrow Homes	.10
Lamokin Village	.10
Dalton Village	.10
Park Duvalle	.10
Murphy Homes	.12
Robert Taylor Homes	.12
Manchester	.13
Lexington Terrace	.13
C.J. Peete	.13
Hillside Terrace	.14
Summit Court	.15
Darst-Webbe	.15
Mission Main	.18
Riverview	.19
Elm Haven	.25
Pioneer Homes	.26
Lafayette Courts	.29
Christopher Columbus Homes	.37
Orchard Park	.44
ABLA	.48
Walsh Homes	.57
New Holly	.58
Curries Woods	.74
Roxbury Village	.94
ABLA NORTH	1.02
Edwin Corning Homes	1.69
Southfield Village	1.90

Tables 6 and 7 also show that the income mixes north and south of Roosevelt Road at the ABLA site put those areas at the very extremes of the distribution.

The income makeup of the 32 HOPE VI neighborhoods indicate that the ABLA

neighborhood has an unusually high number of high-income households, both as a percentage of all households and relative to low-income and poverty households. The numbers suggest that the income mix in the ABLA neighborhood could easily accommodate many more low-income public housing families before the neighborhood would even approach the average of the 32 comparison sites.

Race

Table 8: White residents in HOPE VI neighborhoods

Project Name	Pct. white
ABLA SOUTH	0.6
Darrow Homes	0.6
Dalton Village	1.0
Kennedy Brothers Memorial	2.6
Park Duvalle	3.3
Lamokin Village	4.7
Carver Park	6.7
Summit Court	8.3
New Holly	11.0
Robert Taylor Homes	12.6
Mill Creek	17.8
C.J. Peete	18.5
Murphy Homes	18.9
Pioneer Homes	19.6
Walsh Homes	23.5
Connie Chambers ABLA	23.5
Lexington Terrace	24.9
Christopher Columbus Homes	26.7
Robert S. Jervay Place	27.1
ABLA	28.9
Orchard Park	30.2
Lafayette Courts	32.9
Elm Haven	35.9
Southfield Village	36.0
Curries Woods	38.4
Mission Main	39.2
Manchester	41.0
Jackson Parkway	41.4
Hillside Terrace	43.7
ABLA NORTH	44.5
John Hay Homes	47.9
Riverview	50.6
Darst-Webbe	51.3
Roxbury Village	63.6
Edwin Corning Homes	69.1

Tables 8 and 9 look at the distribution of White and Black families at the 32 HOPE VI neighborhood sites.

These tables indicate that the racial makeup of the ABLA site is about at the median for the 32 comparison neighborhoods.

Table 9: Black residents in HOPE VI neighborhoods.

Project Name	Pct. Black
Kennedy Brothers Memorial	0.58
Connie Chambers	2.74
Jackson Parkway	3.0
Roxbury Village	3.7
Pioneer Homes	14.6
Edwin Corning Homes	20.9
ABLA NORTH	22.6
New Holly	23.4
Curries Woods	24.4
Mission Main	27.3
Southfield Village	30.3
Riverview	31.4
Christopher Columbus Homes	32.3
Orchard Park	38.2
Walsh Homes	39.3
Darst-Webbe	41.1
Elm Haven	41.5
Hillside Terrace	46.8
John Hay Homes	47.9
ABLA	49.1
Manchester	55.0
Lafayette Courts	59.6
Robert S. Jervay Place	68.5
Lexington Terrace	69.9
Mill Creek	70.8
Murphy Homes	76.0
C.J. Peete	76.9
Robert Taylor Homes	82.5
Summit Court	89.1
Lamokin Village	90.1
Carver Park	90.7
Park Duvalle	94.5
Dalton Village	96.0
ABLA SOUTH	97.0
Darrow Homes	97.2

The data also show large disparities in the racial makeup of the northern and southern sections of the ABLA site. If the entire ABLA neighborhood reflected the racial

makeup of the south-of-Roosevelt Road sector, it would have a smaller percentage of white households than any other HOPE VI project neighborhood in the study, and a greater percentage of black residents than all but one.

Housing stock

Table 10 compares the ABLA neighborhood to the other HOPE VI neighborhoods on the rate of homeownership.

Table 10: Homeownership in HOPE VI neighborhoods.

Project Name	Pct. Black
ABLA SOUTH	2.1
Hillside Terrace	13.7
Darrow Homes	13.9
Carver Park	15.0
Mission Main	16.7
Murphy Homes	19.0
Lexington Terrace	20.0
ABLA	20.3
Elm Haven	20.9
Robert Taylor Homes	21.8
Orchard Park	22.2
C.J. Peete	24.9
Riverview	26.7
ABLA NORTH	27.6
Jackson Parkway	29.0
Lafayette Courts	30.7
Pioneer Homes	31.1
John Hay Homes	31.6
Connie Chambers	31.8
Darst-Webbe	33.3
Mill Creek	34.4
Walsh Homes	34.7
Christopher Columbus Homes	34.9
Robert S. Jervay Place	35.9
Curries Woods	38.9
Edwin Corning Homes	41.2
Summit Court	43.5
Southfield Village	44.1
Dalton Village	46.3
Manchester	47.1
Lamokin Village	47.7
New Holly	54.3
Park Duvalle	57.8
Kennedy Brothers Memorial	64.0
Roxbury Village	64.1

This table shows the ABLA site has a relatively low rate of homeownership compared to the other redevelopment neighborhoods. The homeownership rate for the north section is closer to the median, the virtual absence of homeownership in the south ABLA area pulls the overall figure down.

Table 11: Housing Values in HOPE VI neighborhoods.

Project Name	Pct. Homes valued GT \$200,000.
ABLA SOUTH	0.0
Carver Park	0.0
Dalton Village	0.0
John Hay Homes	0.4
Kennedy Brothers Memorial	0.4
Lamokin Village	0.5
Park Duvalle	0.6
Mill Creek	1.3
Summit Court	1.6
Jackson Parkway	1.9
Manchester	1.9
Darst-Webbe	3.4
Lexington Terrace	4.4
Walsh Homes	5.1
Pioneer Homes	5.2
Connie Chambers	5.7
Murphy Homes	5.9
Hillside Terrace	9.7
Robert S. Jervay Place	11.0
Lafayette Courts	11.9
Curries Woods	13.1
Christopher Columbus Homes	16.0
Riverview	16.6
C.J. Peete	23.4
Robert Taylor Homes	25.1
New Holly	27.3
Elm Haven	30.9
Roxbury Village	33.9
Edwin Corning Homes	38.2
Mission Main	38.3
Orchard Park	39.4
Darrow Homes	44.6
ABLA	72.2
ABLA NORTH	73.7
Southfield Village	80.0

The final table (table 11) examines the value of owner-occupied homes in the HOPE VI redevelopment neighborhoods.

The data indicate that the ABLA neighborhood has an unusually high percentage of high-valued housing, exceeded only by the Stamford, CT Southfield Village HOPE VI neighborhood. ABLA's very high percentage of high-end housing is due entirely to the housing stock north of Roosevelt Road.

SUMMARY

The data presented in the preceding pages provide important information for the ABLA redevelopment in three specific respects.

First, the data show that the ABLA site has a very high percentage of affluent families and high-end housing compared to 32 other HOPE VI neighborhoods we examined. The percentage of affluent families is large in an absolute sense, but also in proportion to the size of the low-income and poverty populations in the neighborhood. On all of these measures, the income mix at ABLA shows an unusually high proportion of affluent families. Many more public housing families could be introduced to the area before the ABLA neighborhood would even approach the average for the comparison groups of the affluence-to-poverty ratio. The concern for tipping at ABLA is not credible given this comparison data. Several of the comparison HOPE VI projects are regularly touted as examples of very successful redevelopments, including New Holly in Seattle, Orchard Park in Boston, Kennedy Brothers Memorial in El Paso, and Quigg Newton in Denver, Park DuValle in Louisville (Housing Research Foundation, 2002; Kingsley et al, 2003; Holin et al, 2003). Mission Main in Boston, Hillside Terrace in Milwaukee, and Manchester in Pittsburgh are specifically profiled in the revitalizing neighborhoods section of HUD's "Best Practices and Lessons Learned 1992-

2002" document submitted to Congress in 2002.

Second, it is clear that to the extent that the lunch-pail (or role model) theory of income mixing holds (and the empirical results on this are not entirely encouraging – see Smith, 2002, page 26, who concludes “the limited evidence available suggests that meaningful interaction and transfer of positive influences among tenants in mixed-income developments is rather limited.”) such benefits can be obtained within the ABLA neighborhood by replacing more public housing within the neighborhood to take advantage of the very strong housing market that exists. The neighborhood is clearly experiencing strong market conditions, being home to more high-end housing than all but one other HOPE VI project we studied. The ABLA site can take many more public housing units and still boast an income mix matched by few other redevelopment neighborhoods.

Third, by splitting the ABLA data into sections north and south, it becomes quite clear that the current redevelopment plan for the ABLA site creates two very different communities. The section south of Roosevelt Road reflects the pre-redevelopment realities of public housing in Chicago and many other cities; very high rates of poverty, almost exclusively non-white, and virtually no wealth or homeownership. This reality is reversed north of Roosevelt Road. If the Chicago Housing Authority wishes to create a truly mixed-income community they must reduce if not eliminate the gross disparities that exist within the ABLA neighborhood.

This distribution has the potential for reproducing the allegedly negative outcomes associated with concentrated poverty and limiting whatever lunch-pail or role model

effects may occur. Research on mixed income communities has not definitively determined whether the lunch-pail or role-model theory applies in all cases. That is, it is not clear whether lower-income families are benefited in all cases by living in proximity to more affluent families. In a study of a mixed-income development in Boston, Brophy and Smith (1997) note that the physical layout of the project concentrated the subsidized units in one part of the project site. The stark division of a development into concentrations of very low-income and concentrations of high-end market rate housing, according to Brophy and Smith (page 9) not only ran “counter to the original income-mix goals, but it seems also to have increased tension between the market-rate and subsidized residents.”

The current redevelopment plan for ABLA seems destined to repeat the mistake of this Boston development by not achieving a fine-grained spatial mixing of income groups. By shifting more very low-income housing north of Roosevelt Road and more market rate housing to the south, the Chicago Housing Authority has a much better chance of achieving the benefits of income mixing it is pursuing.

SOURCES

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Smith, Alastair (2002) *Mixed-Income Housing Developments: Promise and Reality*. Cambridge, MA: Harvard Joint Center on Housing Studies.

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Figure 1: Map of Connie Chambers neighborhood, Tucson, Arizona.

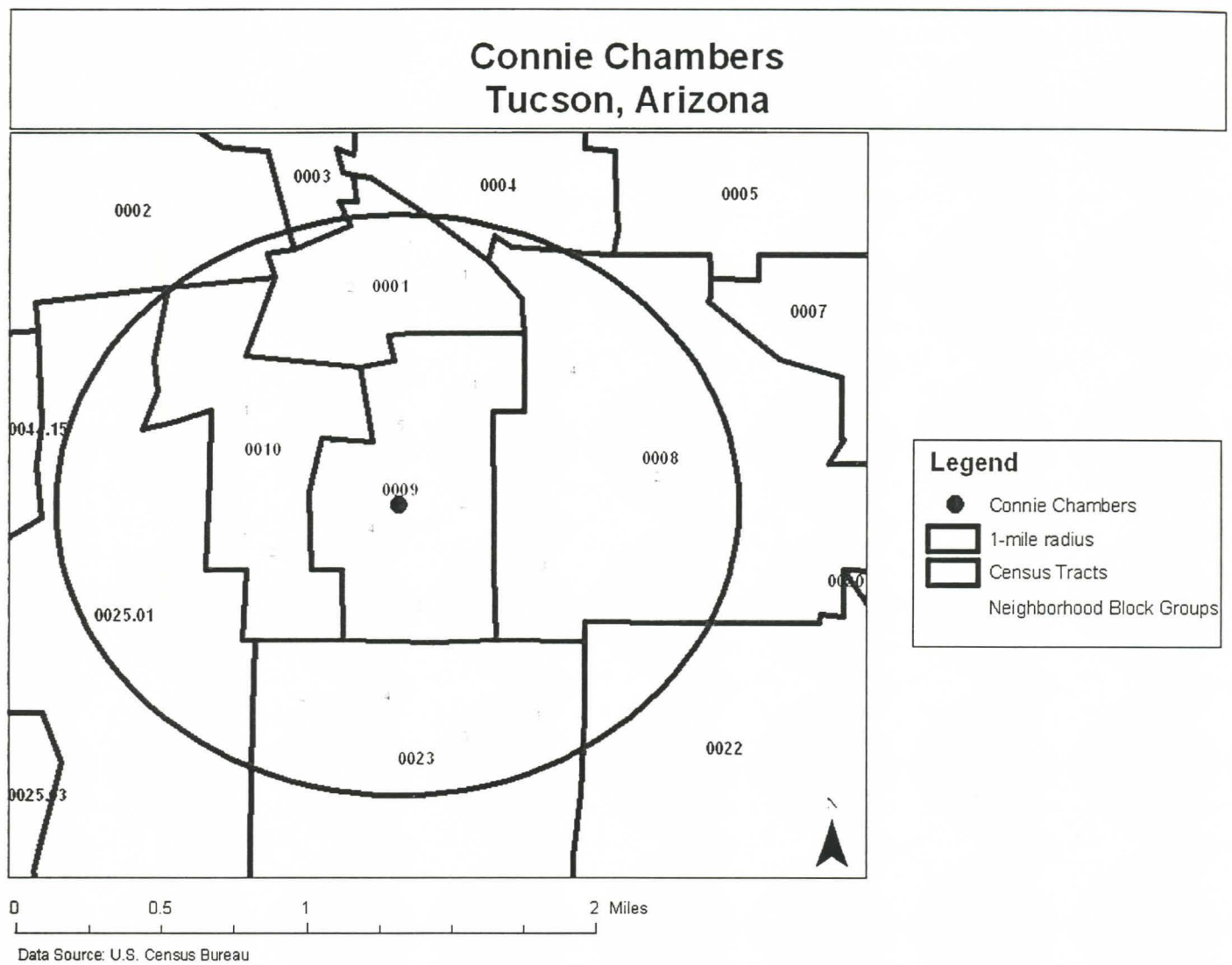


Figure 2: Map of Orchard Park neighborhood, Boston, Massachusetts.

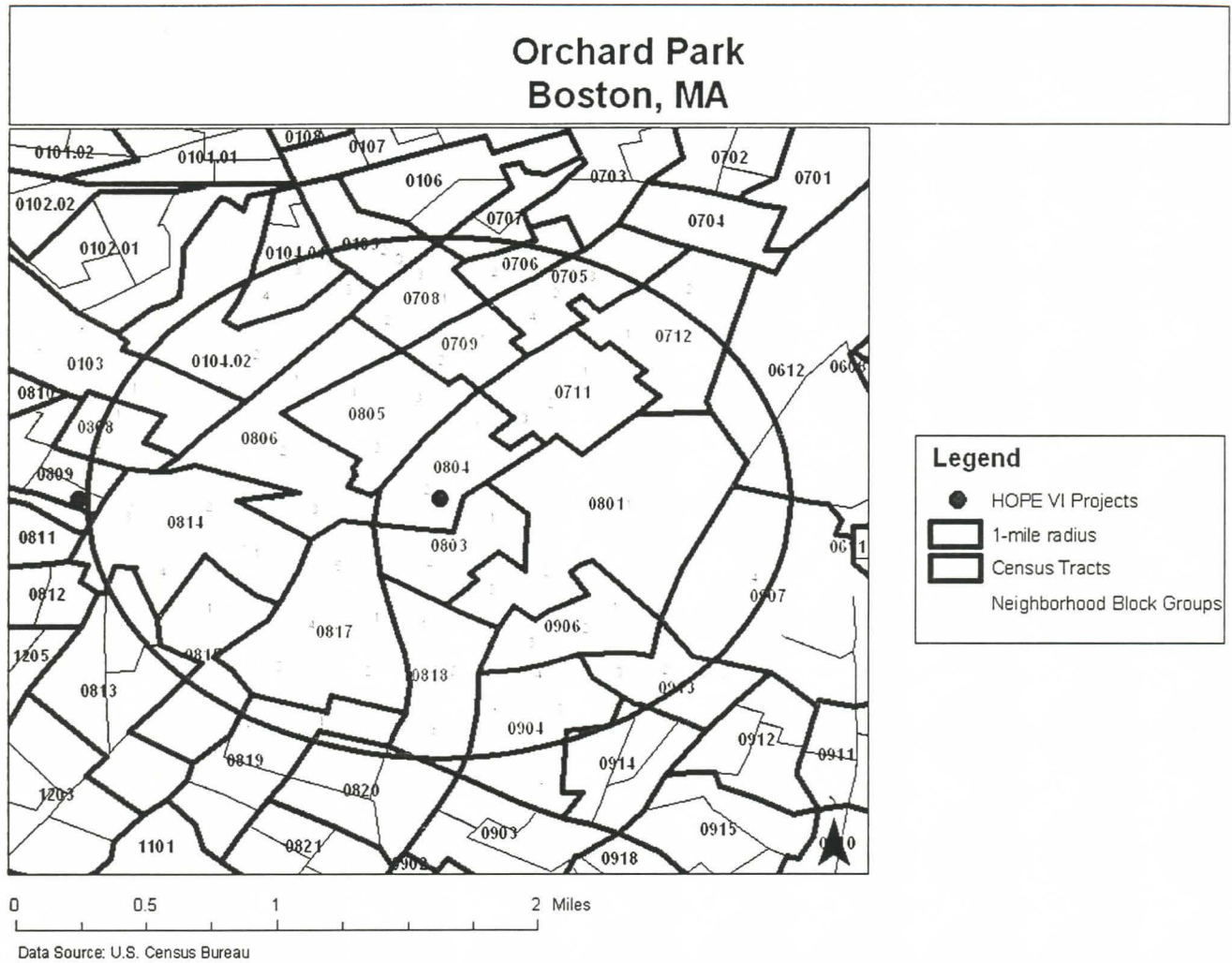


Exhibit G

**Statement by
Brendan Burke, Ph.D.
Ricardo Cossa, Ph.D.
Sean Durkin, Ph.D.**

Chicago Partners

May 2004

Qualifications

1. Brendan Burke, Ricardo Cossa, and Sean Durkin are consultants employed by Chicago Partners, L.L.C., an economics and accounting consulting firm based in Chicago. We specialize in the application of economics, statistics, and econometrics to legal and regulatory issues. Brendan Burke holds a Ph.D. in Mathematics from the University of Illinois at Chicago, while Ricardo Cossa and Sean Durkin both hold Ph. D. degrees in Economics from the University of Chicago. We have taught courses at several universities and have provided consulting and expert services in various areas of economics.

Summary of our conclusions

2. We are primarily concerned with the impact of the features of the ABLA Revitalization Plan and the RFP to implement that plan on the bids developers were willing to submit. We believe that if the CHA had included the total number of low income units as a criterion for choosing the winning bid, the resulting development would have more low income units and would have still satisfied the other requirements of the RFP.
3. In addition, we also argue that there is no evidence justifying the constraints on the density and on the shares of low income, affordable and market rate housing. If either the density constraint or the constraints on the shares were relaxed, developers would have been willing to submit bids with an even higher number of low income units.

Details of the RFP

4. The RFP states that bids for the revitalization plan should yield a density range of 29-33 units per acre over the 100-acre site. This includes the 455 units already being redeveloped in Brooks and Loomis Homes. The number of units in the winning bid is at the lower bound of the density range.
5. The RFP also requires developers to submit bids with a minimum number of 755 low-income units, 720 affordable and 966 market rate units for a total of 2,441 units. Adding these minimums to the 329 low-income units and the 126 affordable units previously completed. This yields housing type shares of 37.4% low income, 29.2% affordable and 33.4% market rate units, or stated differently, a market-price to low-income-and-affordable houses ratio of 50% ($33/(100-33)$). The RFP further states that developers could submit bids with more units than the minimum as long as the shares of housing types were not substantially altered. The winning bid contains the 2441 total units with 966 market rate units and 1473 low-income and affordable units which is exactly a 50% ratio.
6. The RFP also contains a section on the evaluation criteria. It asserts that the bids will be evaluated based on a series of quality and ancillary characteristics. These

include the professional experience and capacity of the development team, the project approach, architectural treatment, asset/property management, legal ownership structure and financial feasibility. It does not state that bids will be evaluated based on the largest number of total units or low-income units.

The Economic Theory of Bidding

7. When developers consider submitting bids for an RFP, they take into consideration the incentives of other developers. Absent any implicit or explicit collusion, this should lead to a winning bid with the lowest possible profit subject to the constraints of the bid.
8. In this setting, the dimension on which bidders compete depends on the evaluation criteria. In the simplest possible case, bidders for an RFP compete on price. The bidder that agrees to perform the service for the lowest price gets the contract. There are other cases in which the competition takes place along the quantity dimension. For example, the RFP specifies that a fixed amount of money goes to the bidder who agrees to provide the largest quantity. In cases in which neither price nor quantity is used to evaluate bids, bidders compete on other dimensions such as the quality of the services provided.
9. The ABLA Revitalization Plan RFP clearly falls into the final category. The winning bidder gets the Hope VI funds and other subsidies. However, bids are evaluated on several different quality characteristics and not based on the number of units. Instead, developers were constrained to submit bids which satisfy the density and share requirements. Since submitting a bid with a larger number of units would not affect a developer's chance of winning the bid, they would only compete along the quality dimension.

The Impact of the RFP on the Winning Bid

10. Given these rules, it is perfectly understandable that the winning bid offers the required ratio of market rate to non market rate units at the lower bound of the density range.
11. Figure 1 provides an illustration of the problem that bidders face before making an offer. This figure shows the various profit outcomes associated with given numbers of market rate units (M) and low-income units (L). Curves like $\Pi_1(Q_1)$ represent the set of market-rate and subsidized houses (i.e. lower-income plus affordable houses) that generate a fixed profit level (Π_1), given a level of quality and ancillary characteristics (Q_1). Economists refer to these as isoprofit curves. The laws of diminishing marginal returns¹, coupled with the fact that developers gain profits out of market-rate houses but incur losses from subsidized houses

¹ The laws of diminishing marginal returns imply that the profit resulting from building additional units reaches a maximum and then gets smaller as more units are built. This is because the revenue associated with each additional unit declines after a point, while the costs remain relatively constant, or even increase.

justify that these curves are upward sloping up to a point when they bend over to the left. It also follows that, for the same level of quality and ancillary spending Q_1 , isoprofit curves to the right of $\Pi_1(Q_1)$ correspond to a lower level of profits. At the same time, the curve representing profit Π_1 and quality and ancillary spending Q_1 can also be thought of as corresponding to a lower level of profits and higher level of quality and ancillary spending, $\Pi_0(Q_2)$.

12. The shaded area of figure 1 represents the combination of market-rate and subsidized houses that satisfy the housing density requirements. The diagonal line labeled $M/L=r$ represents the housing combination meeting the market-rate to subsidized houses requirement. In consequence, the segment AB is the set of market-rate and subsidized houses over which bidders are limited to bid.
13. In order to show how the existing rules lead to the outcome we observe in this case (represented by point A), let us assume to that a bidder is considering an offer with the maximum density (i.e. point B) with a level Q_1 of quality and ancillary spending, thus seeking a profit level $\Pi_1(Q_1)$. That bidder knows that he will be outbid if someone else offers the same density but higher quality and ancillary spending. Hence, the incentives are aligned to increase the offered quality for a given density, driving down profits to a normal level. However, for a given density, quality can only be increased up to the point where profits have been driven down to zero (i.e. $\Pi_0(Q_2)$).² At that point, the only way to increase quality is by reducing the number of units built. As long as the bidders still meet the density requirements, the incentives set forth in the ABLA Revitalization Plan RFP will make bidders sacrifice density for better quality. This process leads to an outcome where the winning bidder is offering the required housing ratio together with the minimum required density and the best quality that assures getting the contract (i.e. point A, with profits $\Pi_0(Q_3)$).
14. If, instead, the ABLA Revitalization Plan RFP had made the total number of low-income housing units its principal evaluation criterion, while still maintaining density and share requirements, as well as considering the level of quality then developers would have competed by bidding for the maximum number of low-income units that assured them normal profits (Moving from point A towards point B in Figure 1). In other words, the winning bidder would have produced more low income housing units and still satisfied the density and share constraints.

There is no basis for the constraints on the density and the distribution of housing type shares.

15. By specifying both the permissible density range and the shares of housing types in the ABLA Revitalization Plan and the RFP, the CHA has clearly indicated that

² Normal profit is a term economists use to indicate the profit sufficient to allow firms to earn a normal or average rate of return on their investment.

it does not believe that profit maximizing bidders would choose the optimal density or housing type shares. However, it has not provided any justification for why a density ratio between 29 and 33 units per acre is optimal or why a ratio of market to low income and affordable housing of 1/2 is optimal.

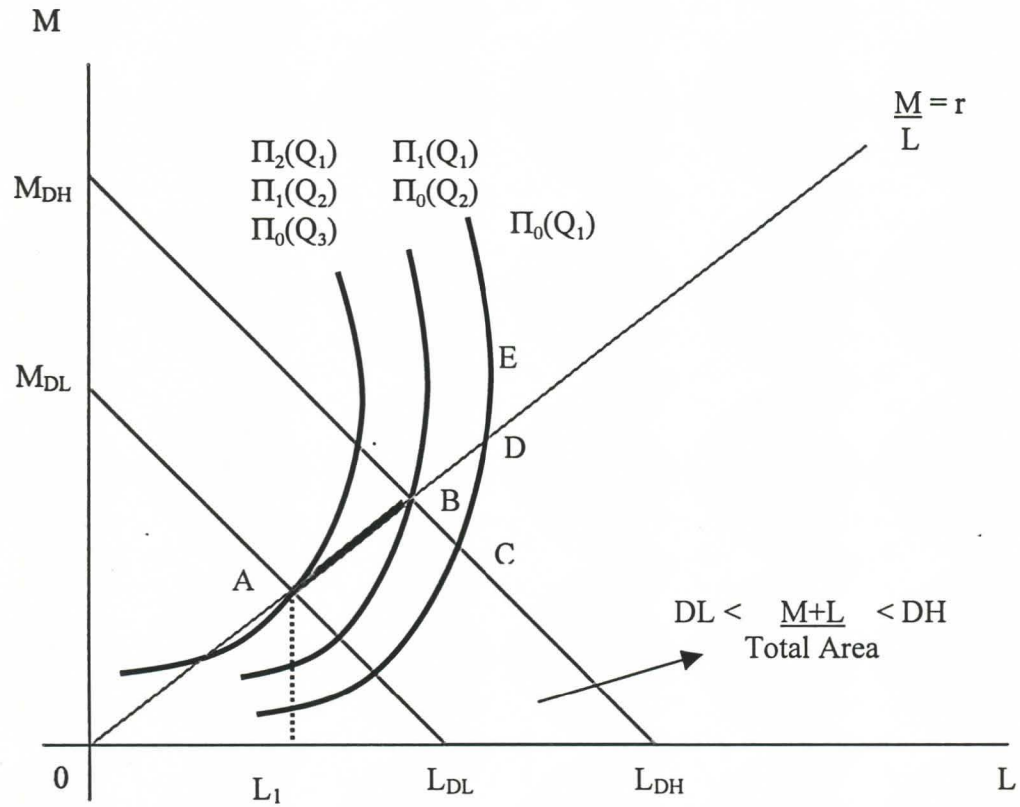
16. Our view is that while there may be a number of reasons why private developers might not choose the socially optimal density and housing type shares, it is impossible to know with any degree of certainty what the density and shares would be in the social optimum. Moreover, there is no reason to suppose the density and share constraints chosen by the CHA are better in any sense than the market outcomes. In other words, some constraints on density and shares are not necessarily better than no constraints. Given this uncertainty, a policy which endeavors to create the largest number of low income units while remaining economically feasible for the developer and maintaining a reasonable level of quality would be most consistent with the mission of the CHA. This would allow the CHA to choose the developer that submitted the bid with largest number of low income units and let the market determine the housing type shares and density.

Removing the density and ratio constraints would lead to increases in the number of low income units

17. Figure 1 allows us to examine the results of allowing the bidders to build units at any density and using the number of low income units as the principal selection criterion. If bidders are allowed to build at a density determined by the market, but are required to build at a specific ratio of market rate to subsidized housing, we see that for a given quality level (Q1), builders will bid against each other until they reach a normal profit and the winning bidder will arrive at point D in figure 1. This point is on the M/L line required by the RFP, but is at a higher density. This equilibrium will then produce a larger number of low income units. Note that this equilibrium will not result in extremely dense developments. This is because we know from the shape of the curve (and from our common sense knowledge of real estate markets) that for a fixed quality and profit, there is a maximum density. At higher densities, the units become worth less due to overcrowding and other factors.
18. Now consider allowing bidders to build at any housing types in any proportion, but requiring them to build within the pre-ordained density band and using the number of low income units as a selection criterion. Again, for a given quality level, developers will bid each other down to a normal profit level, and will arrive at a winning bid which falls at point C in the figure. At this point, the project will fall within the required density range and will result in a higher number of low income units.

19. We now consider the result of allowing bidders free control over both density and housing type shares. As before, for a given quality level, bidders will competitively bid down to a normal profit level, resulting in a winning bid at point E on the curve in figure 1. At this point, the resulting development might or might not have a larger proportion of low income houses (and will have a higher density) than we observe in the constrained case, but will provide the absolute maximum number of low income units which it is economically feasible for the developer to build.

**Figure 1. Profitability Analysis of Affordable and Lower Income Housing Units
In a Neighborhood**



M = Market Rate Houses

L = Lower Income & Affordable Houses

r = Ratio of Market Rate to Lower Income and Affordable Houses

$\Pi(Q)$ = Isoprofit Lines

DL = Lower Bound for Houses per Acre

DH = Upper Bound for Houses per Acre