

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

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DOROTHY GAUTREAUX, et al.,
Plaintiffs,

-vs-

CHICAGO HOUSING AUTHORITY, et al.,
Defendants.

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AUG 11 2005

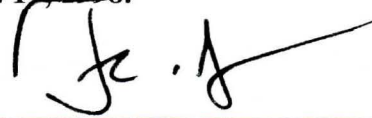
No. 66 C 1459
MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

Hon. Marvin E. Aspen

NOTICE OF MOTION

TO: SEE ATTACHED SERVICE LIST

PLEASE TAKE NOTICE that on **August 15, 2005, at 10:30 a.m.**, or as soon as counsel may be heard, I shall appear before the Honorable Judge Aspen in the courtroom usually occupied by him, at the U.S. District Courthouse, 219 South Dearborn Street, Chicago, Illinois, and then and there present **JOINT MOTION FOR AN AMENDMENT TO THE ABLA REVITALIZING AREA ORDER OF JUNE 19, 1998.**



One of the attorneys for CHA

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Chicago Housing Authority
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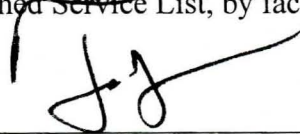
Attorneys for CHA

THOMAS E. JOHNSON
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(312) 578-8100

Attorney for CHA

CERTIFICATE OF SERVICE

Thomas E. Johnson, an attorney, hereby certifies that a copy of this Notice and attached Motion was served upon the parties on the attached Service List, by facsimile and U.S. mail, with proper postage prepaid, on August 11, 2005.



Thomas E. Johnson

SERVICE LIST

Gautreaux, et al. v. CHA, et al.
Case Nos. 66 C 1459; 66 C 1460

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**N THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

DOROTHY GAUTREAUX, et al.)	
)	
Plaintiffs,)	66 C 1459
)	Hon. Marvin E. Aspen
v.)	
)	
CHICAGO HOUSING AUTHORITY)	
)	
Defendant.)	

**JOINT MOTION FOR AN AMENDMENT
TO THE ABLA REVITALIZING AREA ORDER OF JUNE 19, 1998**

Plaintiffs and defendant Chicago Housing Authority (“CHA”), by their respective attorneys, respectfully move the Court to amend the ABLA Revitalizing Order of June 19, 1998 to authorize the leasing of 126 units in Loomis Courts to families with incomes ranging from 0 to 60 percent of the area median income. Daniel E. Levin and The Habitat Company LLC, as Receiver (the “Receiver”) does not object to this motion.

In support of this motion, the parties state as follows:

1. On June 19, 1998, this Court entered an order designating an ABLA Revitalizing Area (“Revitalizing Area”) and authorized the development of non-elderly public housing units within this Revitalizing Area. (June 19, 1998 Order attached as Exhibit A.)
2. The June 19, 1998 order authorized the Receiver to develop approximately 1,084 public housing units out of a total of approximately 2,895 residential units within the Revitalizing Area.
3. The June 19, 1998 order envisioned that of the 1,811 non-public housing units in the Revitalizing Area, 845 units would be occupied by families with incomes 36-120 percent of area median income and 966 units would be occupied by persons with incomes in excess of 120 percent of area median income.

4. The HOPE VI application referenced in the June 19, 1998 order further envisioned that the 126 Loomis Courts units would comprise part of the 845 non-public housing units for families with incomes ranging from 36 to 120 percent of area median income.
5. Loomis Courts is a CHA "City-State" property currently the subject of a Housing Assistance Payments Contract ("HAP Contract") with the United States Department of Housing and Urban Development ("HUD"). The HAP Contract was originally entered into in 1979 and was renewed by HUD in 2001. It is anticipated that the HAP Contract will be renewed by HUD in August or September, 2005 for an additional 20 years. Budget authority of \$983,000 per year is set aside by HUD under the HAP Contract. Failure on the part of the CHA to implement a plan to rehabilitate the Loomis Courts property will result in the loss of the HAP Contract at a cost of nearly \$20 million in federal support over the next 20 years.
6. The Loomis Courts' HAP contract requires that the CHA use its best efforts to achieve and maintain at least 30 percent occupancy of units by "very low income" families (families earning less than 50 percent of area median income). The Quality Housing and Work Responsibility Act of 1998 ("QHWRA") (42 U.S.C. §1437 - §13664) and its implementing federal regulations governing substantial rehabilitation properties (24 CFR Section 5.653) further require that the CHA target 40 percent of annual admissions to "extremely low income" families (families earning less than 30 percent of area median income). The Low-Income Housing Tax Credit component of the project's financing requires that residents' income not exceed 60 percent of area median income. These tenanting requirements conflict with the HOPE VI plan and the June 19, 1998 order, which conceived of the Loomis Courts units as "affordable" and to be occupied by families with incomes ranging from 36 to 120 percent of area median income.

7. To minimize the conflict between the HAP contract, the occupancy and leasing regulations, and the June 19, 1998 order, and to further the order's objective of establishing a viable mixed income community, the CHA proposed the following leasing plan to HUD. The CHA would first offer Loomis Courts residents who resided in the building and were lease compliant on January 10, 2005 with the opportunity to return to rehabilitated units in Loomis Courts. In so doing, because of the current income levels of Loomis Courts residents, the CHA would comply with the HAP contract requirement that 30 percent of the units be occupied by very low income families as well as the federal regulatory requirement that the CHA lease 40 percent of the units available in year one to extremely low income families and the tax-credit rule that places a 60% of AMI ceiling on rents. The CHA further proposed that after this initial re-occupancy and as long as the 40 percent threshold is attained during the initial year of leasing, the CHA would subsequently offer units to applicants whose gross income fell between 31 and 60 percent of area median income. The CHA met with representatives of the local HUD office to discuss this proposal. Thereafter, the CHA sought HUD approval for this leasing approach in a March 24, 2005 letter to HUD Assistant Secretary Michael Liu, which is attached as Exhibit B.
8. On June 20, 2005, HUD informed the CHA via letter (attached as Exhibit C) that the CHA could set an income limit of 60 percent of area median income for Loomis Courts units. HUD, however, opined that setting a minimum income "floor" of 31 percent of area median income for any portion of the units would violate the statutory provisions of the Quality Housing and Work Responsibility Act of 1998.
9. Consequently, the CHA proposes that the 126 Loomis Courts units be made available to families with incomes ranging from 0 to 60 percent of area median income. After the current residents are grandfathered into occupancy at Loomis Courts, new leasing

at Loomis Courts will honor the federal HAP contract, QHWRA and Low-Income Tax Credit leasing rules described in Paragraph 6 above. In addition, CHA will impose, through its Tenant Selection Plan, a preference at admission for working families, consistent with such federal leasing rules.

10. The income guidelines for the remaining 1,625 non-public housing units would remain as indicated in the June 19, 1998 order.
11. The parties believe that the rehabilitation of Loomis Courts will be beneficial to the redevelopment effort, and that the change in income requirements for the 126 Loomis units will not prejudice the mixed-income goal of the June 19, 1998 order.

WHEREFORE, plaintiffs and the defendant Chicago Housing Authority request the Court to enter an order substantially in the form of the attached draft order.

Respectfully submitted,



One of the Attorneys for the Defendant

August 11, 2005

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Fax: (312) 641-5454

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

DOROTHY GAUTREAUX, et al.,)	
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Plaintiffs,)	
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v.)	66 C 1459
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CHICAGO HOUSING AUTHORITY, et al.)	Hon. Marvin Aspen
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Defendant.)	

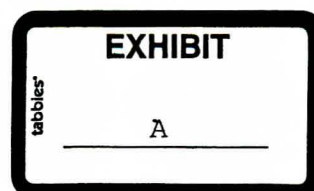
ORDER

This matter coming on to be heard on the joint motion of the parties and the Receiver for an order designating an ABLA Revitalizing Area ("Revitalizing Area") and authorizing the development of non-elderly public housing units therein; and

The Court having heard the presentations of the parties and the Receiver respecting, and being advised that the City of Chicago supports entry of, the proposed order; and

The Court being further advised that the Receiver and the defendant, Chicago Housing Authority, in collaboration with the City of Chicago, are engaged in the preparation of an application for a FY1998 HOPE VI grant of \$35 million for the ABLA Revitalizing Area to be submitted by them to the United States Department of Housing and Urban Development (HUD) on or before June 29, 1998; and

The Court also being advised that by arrangement with the plaintiffs and HUD, CHA received a HOPE VI grant of \$24,483,250 in FY1996 for a portion of the Revitalizing Area, and that the



current HOPE VI application contemplates and proposes that this prior grant be utilized in conjunction with the grant currently being applied for; and

The Court being cognizant that the principal remedial purpose of the orders previously entered in this case has been and is to provide plaintiff class families with desegregated housing opportunities; and

The Court also being cognizant that on occasion it has permitted public or assisted housing to be developed in census tracts not within the General Public Housing Area upon a sufficient showing of "revitalizing" circumstances such that a responsible forecast of economic integration, with a longer term possibility of racial desegregation, could be made; and

The Court being of the view, based on the presentations of the parties and the Receiver, that subject to appropriate terms and conditions such a forecast can be made with respect to the Revitalizing Area should the Receiver and the defendant, Chicago Housing Authority (CHA), be awarded a FY1998 HOPE VI grant therefor pursuant to their proposed joint application;

IT IS HEREBY ORDERED:

1. Effective upon advice to the Court from the parties that a FY1998 HOPE VI grant has been made to the Receiver and CHA pursuant to a joint application to be submitted by them to HUD respecting the Revitalizing Area, the Court designates as the ABLA Revitalizing Area that portion of the City of Chicago that lies within the following boundaries: on the west, Ashland Avenue; on the south, the Burlington Northern Railway tracks

immediately south of 15th Street; on the east along Racine Avenue from such Burlington Northern Railway tracks to Blue Island Avenue, northeast along Blue Island Avenue to Roosevelt Road, west along Roosevelt Road to Racine Avenue, and north along Racine Avenue to Cabrini Street; and on the north, along Cabrini Street to Loomis Street, north along Loomis Street to Polk Street, and west along Polk Street to Ashland Avenue; and

2. Subject to such terms and conditions as are specified by further orders of the Court, the Receiver is authorized to develop such number of new public housing units within the Revitalizing Area as will result in public housing units comprising approximately 1,084 of a total of approximately 2,895 residential units within the Revitalizing Area, which is the approximate number of public housing and total residential units within the Revitalizing Area presently contemplated by such grant application, as part of an overall development including approximately 845 non-public housing units to be occupied by persons with incomes 36-120 percent of area median income, and 966 non-public housing units to be occupied by persons with incomes in excess of 120 percent of area median income.

ENTER:

Marion E. Copen

June 19, 1998

HCHANGE.
CHICAGO HOUSING AUTHORITY

VIA FACSIMILE AND U.S. MAIL

Sharon Gist Gilliam
Chairperson

Lori Healey
Vice-Chairperson

Board of Commissioners

Hallie Amey

Earnest Gates

Dr. Mildred Harris

Michael Ivers

Martin Nesbitt

Carlos Ponce

Mary E. Wiggins

Sandra Young

Terry Peterson
Chief Executive Officer

Anne Minley
Chief of Staff

Gail A. Niemann
General Counsel

March 24, 2005

Mr. Michael Liu
Assistant Secretary for Public and Indian Housing
U.S. Department of Housing and Urban Development
451 7th Street, SW
Suite 4100
Washington, DC 20410-5000

Dear Secretary Liu:

Thank you for meeting with representatives of the Chicago Housing Authority ("CHA") on March 9, 2005 to discuss a number of CHA initiatives. As you are aware, the CHA is in the process of rehabilitating three "city-state" properties: Loomis Courts, Harrison Courts, and Lathrop Elderly. The CHA understands that as project-based Section 8 properties, these buildings do not fall within the ambit of your authority as Assistant Secretary for Public and Indian Housing, but rather are within the jurisdiction of HUD's multi-family programs. However, the rehabilitation and subsequent leasing of these buildings raise issues that we have previously addressed with your office and we seek your assistance in bringing these issues to the attention of the appropriate person in the office of multi-family programs, as well as any assistance you might provide in ultimately resolving these matters.

Loomis Courts:

Background: This "substantial rehabilitation" property represents the "L" in ABIA, the public housing development on the near west side. As such, it falls within the "ABLA Revitalizing Area" established by a court order entered in the *Gautreaux* case on June 19, 1998. This court order (copy attached) authorized the CHA's receiver to "develop such number of new public housing units within the Revitalizing Area as will result in public housing units comprising approximately 1,084 of the total of approximately 2,896 residential units within the Revitalizing Area...." The ABLA HOPE VI Revitalization Plan envisioned that Loomis Court's 126 units would be counted as part of 846 "affordable units," which, in turn, were to comprise 29% of the total of 2,896 residential units. According to the court order, these "affordable units" were to be occupied by persons with incomes ranging from 36 to 120 percent of area median income. The financing package for the rehabilitation of Loomis Courts includes a tax credit component.

S:\General Counsel\CL\CL.doc

EXHIBIT

B

FROM CHICAGO HOUSING AUTHORITY 312 726 2005 16:50/ST.16:50/NO.6360046301 P 2

Issues:

1. Leasing: There are a variety of regulations that potentially govern leasing units at the rehabilitated Loomis Courts:

- The Substantial Rehabilitation Housing Assistance Payment ("HAP") contract requires the CHA to use its "best efforts" to achieve and maintain at least 30% occupancy of the units by "very low income families" (families earning less than 50 percent of area median income) and provides that the CHA may lease units to families earning up to 80 percent of the area median income.
- 24 CFR Section 5.653 provides that the CHA must target 40 percent of annual admissions to "extremely low income families" (families earning less than 30 percent of area median income).
- The tax credit component of the project's financing requires that family income not exceed 60 percent of area median income.
- The 1998 court order in *Gautreaux* envisions Loomis units being occupied by families earning between 36 and 120 percent of area median income.

In an attempt to reconcile these competing mandates and create a viable, rehabilitated community, the CHA proposes to lease units in the following manner. The CHA will first provide Loomis Court residents who were in residence and lease compliant on 1/10/05 with the opportunity to return to Loomis Courts. We anticipate that in doing so, we will fulfill our requirement under the HAP contract that at least 30 percent of the units be occupied by very low-income families. We also anticipate that as a result of this process, we will have met our initial annual requirement under Section 5.653 to lease 40 percent of the units available in year one to extremely low income families.

After this initial re-occupancy is completed and as long as the 40 percent threshold is attained during the initial year of leasing, the CHA subsequently will offer units to applicants whose gross income falls between 31 and 60 percent of area median income. We acknowledge that this will require us to seek an amendment to the 1998 court order and have discussed pursuing this amendment with the CHA's receiver and plaintiffs' attorney in the *Gautreaux* matter.

We believe that such a leasing system strikes the appropriate balance of fulfilling the federal regulations' objective of serving needy families and complies with tax credit regulations while simultaneously furthering the goal of deconcentrating poverty. The CHA would like to know if this approach with its proposed set aside of units for families earning between 31 and 60 percent of area median income is permitted as a local option under applicable HUD rules and regulations.

S:\General Counsel\ltr Liu 032405 TP CL.doc

820 West Jackson Boulevard - Chicago, Illinois 60661-5601 - (312) 742-8500 - www.thecha.org

Michael Liu
HUD
March 24, 2005
Page 3

Moreover, if this approach is appropriate, do we need any particular approval from HUD to proceed in this manner?

2. Renewal of the HAP Contract: Loomis Courts' HAP contract expires on September 30, 2005. The CHA would like to know if it is possible to extend this contract (as well as the HAP contracts for Lathrop Elderly and Harrison Courts) for an additional twenty (20) years concurrent with the proposed refinancing of these developments?

Lathrop Elderly:

Background: Lathrop Elderly was included as a "designated" property in the CHA's January 6, 2000 Senior Designated Housing Plan. However, due to its status as a project-based Section 8 property, this building was not included in the CHA's new Senior Designated Housing Plan, which HUD approved on March 14, 2005. As you are aware, the 2005 Senior Designated Housing Plan permits the CHA to lease units in designated buildings only to persons aged 62 and older.

Issue: The CHA would like to know if it is possible to reserve units in Lathrop Elderly for residents 62 and older in the manner outlined in the 2005 Senior Designated Plan. Here again, after rehabilitation is completed, the CHA will offer tenants who were in residence and lease compliant on 1/10/05 the first opportunity to return to the building. We do not intend to refuse occupancy to former residents solely because they are less than 62 years of age. However, after the initial re-occupancy of the buildings, the CHA would like to know if it is possible to lease any remaining vacant units and any units that subsequently become vacant only to persons aged 62 and over. According to multi-family housing guidelines, if a public housing authority chooses to implement an elderly preference for a building, the public housing authority must dedicate a portion of the units to non-elderly disabled families. Does a public housing authority have any discretion here and, if so, is any particular form of HUD approval required before the public housing authority exercises that discretion?

The CHA has addressed these Loomis Courts and Lathrop Elderly issues with HUD staff in Chicago. While our discussions have been useful in framing the issues, HUD staff here has suggested that Washington will likely have to pass on our proposals. Consequently, your assistance in resolving these matters would be greatly appreciated and will help us avoid further delay in our efforts to rehabilitate these buildings and improve the quality of life for "city-state" residents.

Thank you for your consideration of the alternatives outlined above. The CHA believes that this is a unique opportunity to create a template for future rehabilitation efforts and looks forward to hearing from you. Should you have any questions or comments, please do not hesitate to contact

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620 West Jackson (Rainbow) - Chicago, Illinois 00661-5501 (312) 742-8500 www.thucha.org

Michael Liu
HUD
March 24, 2005
Page 4

Chuck Levesque, Deputy General Counsel (312-744-0387), or Miroslava Mejia Krug, Chief Financial Officer (312-742-4048).

Sincerely,



Terry Peterson
Chief Executive Officer

Enc.

cc: Gail A. Niemann
Miroslava Mejia Krug
Charles Levesque
Robert Star

S:\General Counsel\ltr Liu 032405 TP CL.doc

629 West Jackson Boulevard - Chicago, Illinois 60661-5691 - (312) 742-5500 - www.thecha.org

FROM CHICAGO HOUSING AUTHORITY 312 726 6418 (WED) AUG 10 2005 16:51/ST.16:50/NO.6360046301 P 5

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

DOROTHY GAUTREUX, et al.,)	
)	
Plaintiffs,)	
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v.)	66 C 1459
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CHICAGO HOUSING AUTHORITY, et al.)	Hon. Marvin Aspen
)	
Defendant.)	

O R D E R

This matter coming on to be heard on the joint motion of the parties and the Receiver for an order designating an ABLA Revitalizing Area ("Revitalizing Area") and authorizing the development of non-elderly public housing units therein; and

The Court having heard the presentations of the parties and the Receiver respecting, and being advised that the City of Chicago supports entry of, the proposed order; and

The Court being further advised that the Receiver and the defendant, Chicago Housing Authority, in collaboration with the City of Chicago, are engaged in the preparation of an application for a FY1998 HOPE VI grant of \$35 million for the ABLA Revitalizing Area to be submitted by them to the United States Department of Housing and Urban Development (HUD) on or before June 29, 1998; and

The Court also being advised that by arrangement with the plaintiffs and HUD, CHA received a HOPE VI grant of \$24,483,250 in FY1996 for a portion of the Revitalizing Area, and that the

current HOPE VI application contemplates and proposes that this prior grant be utilized in conjunction with the grant currently being applied for; and

The Court being cognizant that the principal remedial purpose of the orders previously entered in this case has been and is to provide plaintiff class families with desegregated housing opportunities; and

The Court also being cognizant that on occasion it has permitted public or assisted housing to be developed in census tracts not within the General Public Housing Area upon a sufficient showing of "revitalizing" circumstances such that a responsible forecast of economic integration, with a longer term possibility of racial desegregation, could be made; and

The Court being of the view, based on the presentations of the parties and the Receiver, that subject to appropriate terms and conditions such a forecast can be made with respect to the Revitalizing Area should the Receiver and the defendant, Chicago Housing Authority (CHA), be awarded a FY1998 HOPE VI grant therefor pursuant to their proposed joint application;

IT IS HEREBY ORDERED:

1. Effective upon advice to the Court from the parties that a FY1998 HOPE VI grant has been made to the Receiver and CHA pursuant to a joint application to be submitted by them to HUD respecting the Revitalizing Area, the Court designates as the ABLA Revitalizing Area that portion of the City of Chicago that lies within the following boundaries: on the west, Ashland Avenue; on the south, the Burlington Northern Railway tracks

immediately south of 15th Street; on the east along Racine Avenue from such Burlington Northern Railway tracks to Blue Island Avenue, northeast along Blue Island Avenue to Roosevelt Road, west along Roosevelt Road to Racine Avenue, and north along Racine Avenue to Cabrini Street; and on the north, along Cabrini Street to Loomis Street, north along Loomis Street to Polk Street, and west along Polk Street to Ashland Avenue; and

2. Subject to such terms and conditions as are specified by further orders of the Court, the Receiver is authorized to develop such number of new public housing units within the Revitalizing Area as will result in public housing units comprising approximately 1,084 of a total of approximately 2,895 residential units within the Revitalizing Area, which is the approximate number of public housing and total residential units within the Revitalizing Area presently contemplated by such grant application, as part of an overall development including approximately 845 non-public housing units to be occupied by persons with incomes 36-120 percent of area median income, and 966 non-public housing units to be occupied by persons with incomes in excess of 120 percent of area median income.

ENTER:

Walter E. Cooper

June 19, 1998

Proposed Unit Distribution for ABLA		No. Units	%
CHA Rental Units On Site			
	Brooks Modernization (completed)	329	11%
	New CHA Rental Units	755	✓ 26%
	CHA Rental Units Subtotal	1,084	37%
Additional Affordable Units			
	CHA Homeownership Units (50% AMI)	50	2%
	Affordable Rental (0-60% AMI)	335	12%
	Affordable Rental (61-80% AMI)	0	0%
	Affordable Homeownership (60-120% AMI)	335	12%
	Loomis Courts	126	4%
	Affordable Subtotal	846	29%
Market Rate Units			
	Rental	0	0%
	Homeownership*	966	33%
	Market Rate Subtotal	966	33%
Total Units		2,896	

755

720

966

2406

*It is expected that a second unit on some of the homes will be rented out by the homeowner.



ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

JUN 20 2005

Mr. Terry Peterson
Chief Executive Officer
Chicago Housing Authority
626 W. Jackson Boulevard
Chicago, IL 60661-5633

Dear Mr. Peterson:

Thank you for your letter requesting the Department of Housing and Urban Development's assistance in resolving issues related to the rehabilitation and subsequent leasing of three "city-state" properties: Loomis Courts, Harrison Courts, and Lathrop Elderly. Public and Indian Housing staff worked with Housing staff from both Headquarters and the Chicago Hub to arrive at the following conclusions relative to your request.

Loomis Courts:

According to your letter, upon completion of the rehabilitation, initial occupancy of the property will be offered to former residents who were in compliance with their lease on January 10, 2005. You anticipate in doing this, the Housing Assistance Payments (HAP) contract requirement to lease at least 30 percent of the units to very low-income families and the Quality Housing and Work Responsibility Act of 1998 (QHWRA) requirement to lease 40 percent of the units available in year one to extremely low-income families will be met. This assumes that the former residents continue to meet the income limit requirements. If their incomes have increased beyond the income limit, it may be necessary for you to revise your plan for initial occupancy of the property.

In addition, after initial occupancy of the property, you indicate that you would like to limit occupancy to applicants whose annual incomes fall between 31 and 60 percent of area median income. Setting the upper income limit at 60 percent of median income in order to be in compliance with the tax credit program is acceptable.

Setting the minimum income limit at 31 percent of median income would be in violation of QHWRA. QHWRA and the regulations at 24 CFR 5.653(c) require not less than 40 percent of the dwelling units that become available for occupancy in any fiscal year and are assisted under the contract, must be made available for leasing by families who have incomes at or below 30 percent of the area median income at the time of admission. This requirement applies not only at initial occupancy but also applies for each project fiscal year thereafter. This requirement is statutory and cannot be waived.

EXHIBIT

C

In addition to meeting the QHWA requirement of 40 percent of new admissions being extremely low income, you must also continue to meet the Housing Assistance Payments contract's requirement to strive to maintain 30 percent occupancy by very-low income (50 percent of median income) families.

Lathrop Elderly

Your letter states that after initial occupancy of this property, upon the completion of the rehabilitation, you would like to limit occupancy to elderly persons age 62 and older and would like HUD to waive the requirement that a percentage of units be set aside for disabled persons. In order to establish the elderly preference under section 651 of Title VI, Subtitle D of the Housing and Community Development Act of 1992, you must be able to demonstrate that the property was originally designed for occupancy primarily by elderly families. While you do not have to obtain HUD's approval to declare the elderly preference, you must have documentation to support your decision.

Establishing the elderly preference under Section 651 of Title VI, Subtitle D of the Housing and Community Development Act of 1992 and regulations at 24 CFR 880.612a, does require a percentage of units be rented to non-elderly disabled persons/families. This requirement is statutory and cannot be waived.

Loomis Courts, Lathrop Elderly and Harrison Courts

The Housing Assistance Payments Contracts (HAP) for these three projects may be renewed for 20 years to preserve the valuable housing resources in Chicago. Multifamily Programs staff in Chicago will be glad to work with you to determine if the new contract term can be provided in conjunction with the refinancing or at the time of contract renewal, October 1, 2005.

If you have any further issues relating to the subsequent leasing and the renewal of the HAP contracts, the Chicago Multifamily staff is committed to assisting you. You should contact Edward Hinsberger, Multifamily Hub Director, at 312-353-6236. If I can be of further assistance, feel free to contact me.

Sincerely,


Paula O. Blunt
General Deputy Assistant Secretary -
Public and Indian Housing

cc:
Edward Hinsberger
Multifamily Hub Director

“2. Subject to such terms and conditions as are specified by further orders of the Court, the Receiver is authorized to develop such number of new public housing units within the Revitalizing Area as will result in public housing units comprising approximately 1,084 of a total of approximately 2,895 residential units within the Revitalizing Area, which is the approximate number of public housing and total residential units within the Revitalization Area presently contemplated by such grant application, as part of an overall development including approximately 719 non-public housing units to be occupied by persons

with incomes of 36 to 120 percent of area median income, 126 non-public housing units at Loomis Courts to be occupied by persons with incomes from 0 to 60 percent of area median income, and 966 non-public housing units to be occupied by persons with incomes in excess of 120 percent of area median income.”

ENTER: _____
U.S. District Judge

August _____, 2005