

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

DOROTHY GAUTREAUX, et al.,)	
)	
Plaintiffs,)	
)	
-vs-)	No. 66 C 1459
)	No. 66 C 1460
CHICAGO HOUSING AUTHORITY, et al.,)	
)	Judge Aspen
Defendants.)	

**THE CHICAGO HOUSING AUTHORITY’S RESPONSE TO:
(1) THE CENTRAL ADVISORY COUNCIL’S MOTION FOR CLARIFICATION
OF THE COURT’S JULY 14, 2005 ORDER; and (2) THE CENTRAL ADVISORY
COUNCIL’S MOTION TO AMEND THE COURT’S JULY 27, 2005 ORDER**

INTRODUCTION

On July 25, 2005, the Central Advisory Council (“CAC”) moved for clarification of the Court’s Order of July 14, 2005 (“the July 14 Order”). This Order authorized the CHA to create an on-site waiting list at the Lake Park Crescent mixed-income development (“Lake Park Crescent”) for households earning between 50% and 60% of the Chicago area median income (“AMI”), including income-eligible persons from the general public, and to allow the owner of the development, through its management agent, Draper & Kramer, Inc., to begin leasing units to persons on that waiting list.

CAC’s Motion for Clarification poses two questions. *First*, it asks whether the July 14 Order constitutes a waiver of certain regulations of the U.S. Department of Housing and Urban Development (“HUD”). CAC contends that federal regulations prohibit the CHA from setting aside units for families earning between 50-80% of AMI. The CHA and Daniel E. Levin and The Habitat Company, LLC, as the Court’s Receiver, believe that CAC’s motion should be denied. The Receiver

argues that the regulations cited by CAC do not apply and the CHA joins in that argument. However, the CHA believes that the Court need not reach that issue because, even if the regulations apply, the CHA is exempt from them. Additionally, CAC has articulated no violation of any HUD regulation. Because the basis for CAC's Motion — that the July 14 Order violates the cited regulations — is without merit, the Court's July 14 Order does not constitute a waiver of the HUD regulations.

Second, CAC's Motion questions whether the July 14 Order is limited to Phase One of the Lake Park Crescent development. By its terms, the July 14 Order is not so limited. CAC's Motion for Clarification should therefore be denied.

On August 2, 2005, CAC filed a Motion to Amend the Court's July 27, 2005 Order, which set a briefing schedule for responses to CAC's Motion for Clarification. CAC's Motion to Amend asks that the Court change the briefing schedule on the Motion for Clarification to allow HUD (and possibly CAC itself) to file comments on the HUD regulations cited by CAC. The Motion suggests that the the *Gautreaux* parties and others did not have adequate opportunity to present their positions on leasing the Lake Park Crescent units. In fact, the Court gave the parties and others full opportunity to present their positions before issuing the July 14 Order. That being said, the CHA has no objection to HUD filing a response by the due date the Court has set. The Motion to Amend, in any event, presents no independent basis for clarifying the July 14 Order and should be denied.

FACTS

On February 6, 2000, the CHA and HUD entered into an agreement entitled *Memorandum of Approval, Resident Protection Agreement, Moving to Work Agreement* ("the MTW Agreement") (Agreement and related documents attached hereto as Exhibit A). One of the purposes of this

Agreement was to facilitate and streamline implementation of the CHA's dramatic Plan for Transformation, which applies to all mixed-income developments, including Lake Park Crescent. Declaration of William Little, attached hereto as Exhibit B.

The MTW Agreement has been amended from time to time. *Id.* Amendment No. 1, dated January 17, 2001, provides, among other things, that the CHA will no longer submit the typical annual and five year public housing authority plans, as set forth in 42 U.S.C. §1437c-1. Rather, HUD and the CHA agreed that the CHA's reporting and certification requirements would be governed by the MTW Agreement. Specifically, the MTW Agreement was amended as follows:

- A. In lieu of the five (5) year plan and annual plan required by Section 5A of the 1937 Act, as amended, the CHA will prepare and will conduct its activities in accordance with an Annual MTW Plan and Annual MTW Report. The Annual MTW Plan will serve as a comprehensive framework for the CHA's activities,... and will be submitted to HUD for its review annually,... The Annual MTW Plan will be submitted to HUD with a board resolution approving the Plan and certifying that a public hearing has been held regarding the Plan. HUD will review the Annual MTW Plan for completeness and consistency with this MTW Agreement. The elements to be included in the Annual MTW Plan and the Annual MTW Report are described in Attachment A. The Annual MTW Plan will be submitted to HUD in a reasonable format as determined by HUD, similar to CHA's Annual MTW Plan for FY2001, which has been submitted to HUD. CHA will also execute and submit with its Annual MTW Plan various certifications in the form of Attachment B.
- B. The CHA will prepare an Annual MTW Report, including a Consolidated Financial Report describing the sources and uses of funds under this Agreement, which will compare the CHA's performance with its Annual MTW Plan. The annual MTW Report will provide the information necessary for HUD to assess the CHA's performance, in both regular operations and in activities authorized by the MTW Demonstration Program. All HUD forms and other reporting mechanisms, including any required certifications, will, where appropriate, be included in either the Annual MTW Plan or the Annual MTW Report, and will not be submitted to HUD at other

times during the year. ... The elements to be included in the Annual MTW Plan and the Annual MTW Report are attached. ...

The CHA and HUD have met regularly to discuss reporting requirements, including any necessary certifications required by HUD, which the CHA has included in its annual MTW Reports. Little Decl., Exhibit B. HUD has reviewed and approved the CHA's Annual MTW Plan and MTW Report each year, including most recently, the CHA's MTW Plan and MTW Report for 2004. *Id.*

As this Court knows, the Lakefront Revitalizing Area, which includes Lake Park Crescent and the Jazz on the Boulevard project (Drexel), is part of the CHA's Plan for Transformation. Existing buildings in the area were demolished and by Order of June 3, 1996 (as modified by Order of April 11, 2000), this Court authorized the development of up to 241 new public housing units there. This development was subject to a mixed-income finance plan approved by HUD. Little Decl., Exhibit B. Funds for the development were awarded by HUD to the CHA in 1995. Lake Park Crescent has been funded in part by those monies. *Id.*

The Court reserved one-half of the 150 Lakefront and Drexel units for public housing families with incomes between 50% and 80% of the Chicago AMI. Lake Park Crescent, like virtually all the public housing units in the mixed income developments, was financed using the Low-Income Housing Tax Credit Program, which limits eligibility for virtually all of these units to families earning less than 60% AMI. As the CHA explained in its *Response to CAC's Motion to Amend the June 3, 1996 Order Establishing Minimum Income Limits for Certain Public Housing Units*, filed May 26, 3005, Draper & Kramer was unable to find a sufficient number of willing tenants earning 50%-60% AMI from either the Lakefront Properties waiting list, current CHA residents, or the CHA waiting lists. As part of an effort to solve the dilemma of the vacant units, the

CHA sought agreement with the Receiver, HUD and the *Gautreaux* plaintiffs that would allow Draper & Kramer to create a site-based waiting list drawn from the general public as a supplement to the existing CHA population and waiting lists.

Before the CHA was able to finalize all the terms of this agreement with the other participants, CAC filed a motion to amend this Court's June 3, 1996 Order so that current public housing families earning less than 50% AMI could fill the units.¹ The Receiver filed a Statement opposing CAC's motion emphasizing that the purpose of the higher income provision was to encourage deconcentration of poverty, which was an important factor in obtaining community support for the Court's June 3, 1996 Order. *Statement of the Receiver Concerning the Central Advisory Council's Motion to Amend the June 3, 1996 Revitalizing Order*, filed May 26, 2005, at pp. 2-8. As this Court noted in its July 14, 2005 Memorandum Opinion, the CHA's primary goal was to promote the leasing of the vacant units as soon as possible, and the CHA advised the Court that it would continue to seek out and give priority to the current CHA residents and individuals on the CHA's waiting lists who wanted to move to Lake Park Crescent. But the CHA also sought to implement Draper & Kramer's site-based waiting list, drawn, in part, from income-eligible families in the general public.

On July 14, 2005, the Court issued a Memorandum Opinion, setting forth the positions of the parties and CAC and explaining that the Court had weighed the competing considerations and concluded that there was no extraordinary change in circumstances that would justify modification

¹The CHA joined the Receiver's procedural objection to CAC's motion on the ground that CAC is not properly a party before this Court. *CHA's Response to CAC's Motion to Amend the June 3, 1996 Order*, at p. 4, n. 3. Nevertheless, the CHA's position was that CAC's views should be heard. *Id.*

of the June 3, 1996 Order to allow filling the units with persons making less than 50% AMI. The Court therefore denied CAC's motion to modify the June 3, 1996 Order without prejudice. The Court simultaneously entered an Order authorizing the CHA to permit Draper & Kramer to maintain an on-site waiting list comprised of income-eligible families from the general public as well as current CHA residents and persons on the CHA waiting lists, and to begin leasing the units from this waiting list. The Order gives priority to current CHA residents and persons on the CHA waiting lists. It also requires Draper & Kramer to report to the CHA and the *Gautreaux* plaintiffs on a quarterly basis regarding utilization of the new waiting list. CAC moved for clarification of that Order.

In response to CAC's motion for clarification of that Order, the Court set a briefing schedule that required "any responses ... to be filed on or before August 11, 2005." (The Court later extended that date to August 18, 2005.) On August 2, 2005, CAC filed a Motion to Amend the July 27 Order. On August 8, 2005, the Court entered an Order confirming that any responses to the Motion for Clarification are to be filed by August 18, and adding that any responses to CAC's Motion to Amend be filed by the same date.

ARGUMENT

A. The July 14 Order does not constitute a waiver of HUD regulations; thus no clarification is required.

CAC argues that the Court's July 14 Order is inconsistent with federal regulations, citing 24 C.F.R. §§903.2(a)(2), 903.2(d) and 960.206(b)(2). Although CAC does not elaborate, its argument appears to be that the July 14 Order sets a quota by limiting certain units to occupancy by families who earn 50-80% AMI and that this is prohibited by the cited regulations. But even if §903.2 applies

to the CHA — which has not itself “imposed” any income limits, as the Receiver argues in its response to CAC’s motion — Lake Park Crescent is exempt from its provisions because it is a development operated in accordance with a HUD-approved mixed-finance plan using public housing funds awarded before the effective date of the rule and its certification requirements are governed by the MTW Agreement between the CHA and HUD. *See* 24 C.F.R. §903.2(b)(2)(v). Section 960.206(b)(2) raises no issue requiring clarification because, as is set forth further below, the July 14 Order explicitly requires compliance with §960.206(b)(2) and CAC does not — and cannot — explain how there is any inconsistency between the Order and that regulation.

24 C.F.R. §903.2. Section 903.2 provides that a public housing authority’s admission policy must promote deconcentration of poverty and income mixing by bringing higher income tenants into lower income developments and vice versa. CAC quotes the language in §903.2(a) which states: “The statutory requirement to design a policy for deconcentration and income mixing is not to be construed to impose or require any specific income or racial quotas for any development or developments.” CAC also quotes §903.2(d), which provides: “The PHA may not impose any specific income or racial quotas for any development or developments.” Without saying so explicitly, CAC suggests that the July 14 Order imposes a “specific income quota” in violation of these subsections.

The CHA does not believe that filling the units with families earning 50-80% AMI imposes any “specific income or racial quotas” on Lake Park Crescent. But there is no violation of the regulation in any event because Lake Park Crescent fits within the exemptions to the regulation, set forth in §903.2(b)(2):

Developments not subject to deconcentration of poverty and income

mixing requirements. This subpart does not apply to the following public housing developments:

...

(v) **Public housing developments which include public housing units operated in accordance with a HUD-approved mixed-finance plan using HOPE VI or public housing funds awarded before the effective date of this rule**, provided that the PHA certifies (and includes reasons for the certification) as part of its PHA Plan (which may be accomplished either in the annual Plan submission or as a significant amendment to its PHA Plan) that exemption from the regulation is necessary to honor an existing contractual agreement or be consistent with a mixed finance plan, **including provisions regarding the incomes of public housing residents to be admitted to that development**, which has been developed in consultation with residents with rights to live at the affected development and other interested persons.

Emphasis added. Lake Park Crescent comes within this exemption because it is operated in accordance with a HUD-approved mixed-finance plan using public housing funds awarded by HUD in 1995 — long before the effective date of the regulation (January 22, 2001).

In addition, the CHA has fulfilled all certification and reporting requirements in the regulation regarding Lake Park Crescent. As set forth above, the CHA is not required to submit the typical annual (or five-year) PHA Plan to HUD. Rather, the MTW Agreement between HUD and the CHA controls the CHA's reporting and certification requirements. The intent of the MTW Agreement was to give the CHA added flexibility and thereby facilitate implementation of the Plan of Transformation for all the CHA's mixed income developments, including Lake Park Crescent. Thus, under the MTW Agreement, the CHA must submit an MTW Annual Plan and Annual Report rather than the PHA annual Plan otherwise required by the regulations. The topics that the CHA must address in these documents are set forth in the Attachment to the MTW Agreement and there is a special section in the Appendix of the annual Plan that addresses certifications (*see* 2005 Annual

Plan, Exhibit D).

In each of its MTW Plans and Reports filed since the parties signed the MTW Agreement, the CHA has addressed every topic, including certifications, the Agreement requires. The CHA's compliance is confirmed by the fact that HUD has reviewed and approved the CHA's MTW Plan and Report each year since February 2000, when the MTW Agreement was executed, including, most recently the 2004 Report. Declaration of Kellye Keyes, attached hereto as Exhibit C. Thus, the CHA's MTW Plans and Reports satisfy the conditions set forth in 20 C.F.R. §903.2(b)(2)(v) and exempt Lake Park Crescent from the "specific income and racial quotas" language of the deconcentration provisions in Subpart 903.

In addition to approving the CHA's MTW Plans and Reports for Lake Park Crescent since 2001 that set aside units for persons making 50-80% AMI, HUD also previously approved other agreements setting aside units for families with incomes that are 50-80% of the area median in other developments. For example, in 1995, HUD, which was a party to the Consent Decree entered in *Henry Horner Mothers Ass'n v. CHA*, No. 91 C 3166, agreed that one-half of the Phase I units at the Henry Horner Homes be leased to families earning 50-80% AMI using a site-based waiting list. This Court, acting in *Gautreaux*, approved that agreement by Order of August 14, 1995.

Furthermore, the CHA and other participants in the development of Lake Park Crescent have taken action in reliance on the fact that units have been set aside for persons with 50-80% AMI. The closing documents in the Lake Park Crescent Development Agreement, the regulatory and operating agreement, the Tenant Selection Plan, and many other documents related to development of Lake Park Crescent provide for units to be leased to families earning 50-80% AMI. All of these documents and the 50-80% plan they embody, were approved by HUD prior to closing. Little Decl.,

Exhibit B.

In accordance with the careful, incremental approach this Court favors, the July 14 Order is limited to Lake Park Crescent, and accords priority to any income-eligible family on the CHA's scattered-site and general waiting lists, as well as to the CHA's existing population. The CHA did not request, nor did this Court order, that solicitation of income-eligible families from the general public take place at other developments, such as Drexel. CAC has presented no basis in the regulations, or in the policy promoting deconcentration of poverty, why the July 14 Order violates 24 C.F.R. §903.2.

24 C.F.R. 960.206(b)(2). CAC also cites 20 C.F.R. §960.206(b)(2) in its motion (at p. 3), implying that the July 14 Order somehow violates that regulation, which provides that a public housing authority may adopt a preference for admission of working families. Significantly, CAC does not explain any way in which the July 14 Order violates §960.206(b)(2). On the contrary, the July 14 Order explicitly provides: "The on-site waiting list shall be maintained in accordance with federal regulations concerning the maintenance of public housing unit waiting lists, 24 C.F.R. §960.206, including the prohibition against discrimination." CAC's implication that this regulation is violated by the July 14 Order is unsupported by any facts and without merit. Clarification of the Court's July 14 Order is thus unwarranted.

B. The July 14 Order is not limited to Phase One; thus no clarification is required.

CAC's Motion for Clarification also asks whether the July 14 Order applies to all the remaining public housing units referenced in the June 3, 1996 Order, pars. 2(a) and (b), or is limited to Phase One of Lake Park Crescent. The July 14 Order on its face is not limited to Phase One. Notably, however, the Order provides: "If circumstances change and suggest that this issue should

be revisited, we will openly entertain a motion to do so. Accordingly, we deny the CAC's motion without prejudice." No clarification is needed.

C. CAC's Motion to Amend the Court's July 27, 2005 Order presents no independent basis for granting the Motion for Clarification and should be denied because the parties and others had full opportunity to present their views to the Court.

CAC's Motion to Amend the July 27 Order is a bit perplexing. It requests that the Court give HUD the opportunity to comment on the HUD regulations cited by CAC in its Motion for Clarification. It is unclear whether CAC is also requesting the opportunity to file another brief of its own. *See* Motion to Amend, pars. 2-3. *First*, it would seem unnecessary for CAC to file a new brief as it has already had the opportunity to present its motion and has the right to reply to all responses pursuant to the July 27 Order. *Second*, to the extent that CAC's Motion to Amend suggests that the parties and others such as HUD did not have the opportunity to present their views to the Court before the July 14 Order was issued, that suggestion is wrong. The Court gave full opportunity for all positions to be presented and all views to be aired before entering the Order. However, the CHA has no objection if HUD wishes to respond to CAC's Motion for Clarification by the date the Court has set.

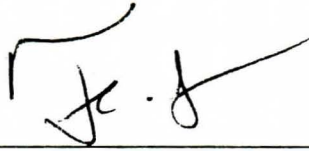
In any event, as far as the CHA can discern, the Motion to Amend presents no basis or argument which would require the Court to clarify its July 14 Order. The Motion should therefore be denied.

CONCLUSION

This Court's July 14 Order needs no clarification because the regulations cited by CAC as the basis for its Motion for Clarification raise no issues requiring clarification and the application of the July 14 Order to Lake Park Crescent is clear on its face. CAC's Motion for Clarification must

therefore be denied. CAC's Motion to Amend the Court's July 27 Order setting a briefing schedule is unwarranted and also should be denied.

Respectfully submitted,



One of the Attorneys for the CHA

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Dated: August 18, 2005

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

DOROTHY GAUTREAUX, et al.,)	
Plaintiffs,)	
)	No. 66 C 1459
-vs-)	No. 66 C 1460
)	
CHICAGO HOUSING AUTHORITY, et al.,)	Hon. Marvin E. Aspen
Defendants.)	

**THE CHICAGO HOUSING AUTHORITY'S RESPONSE TO:
(1) THE CENTRAL ADVISORY COUNCIL'S MOTION FOR CLARIFICATION OF
THE COURT'S JULY 14, 2005 ORDER; and (2) THE CENTRAL ADVISORY
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EXHIBITS

Exhibit A	.	Moving to Work Demonstration
Exhibit B	.	Little Declaration
Exhibit C	.	Declaration of Kellye Keyes
Exhibit D	.	Certifications 2005

Exhibit A

MOVING TO WORK DEMONSTRATION AGREEMENT

This Agreement is entered into by and between the United States of America through the Department of Housing and Urban Development ("HUD") and the Chicago Housing Authority (the "Agency"). The term of this Agreement shall begin on the Date of Execution by HUD and continue for ten (10) years unless otherwise specified herein.

WHEREAS, Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134) (the "1996 Appropriations Act") establishes the Public Housing/Section 8 Moving to Work Demonstration program ("MTW"); and

WHEREAS, Section 204(a) of the 1996 Appropriations Act provides that public housing agencies ("PHAs") and the Secretary of the Department of Housing and Urban Development (the "Secretary") shall: have the flexibility to design and test various approaches for providing and administering housing assistance that reduce cost and achieve greater cost effectiveness in Federal expenditures; give incentives to families participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and increase housing choices for low-income families; and

WHEREAS, HUD may permit agencies to combine funds from several HUD programs, and may exempt agencies from existing public and Indian housing and Section 8 certificate and voucher rules under Moving to Work Demonstration authority; and

WHEREAS, the Secretary has the authority to select up to (30) agencies that administer the public housing and Section 8 programs to participate in the Moving to Work demonstration program; and

WHEREAS, on May 29, 1999 the City of Chicago and HUD entered into a Memorandum of Understanding (MOU) that outlined the mutual understanding and expectations regarding the transition of the CHA to local control; and

WHEREAS, as part of the MOU, the CHA agreed to submit to HUD an action plan identifying the regulatory flexibility, legislative flexibility, and resources necessary to accomplish the plan, which if acceptable, HUD would approve under the Moving to Work Demonstration authority provided by Section 204 of the 1996 Appropriations Act; and

WHEREAS, on January 6, 2000 the CHA submitted its Plan for Transformation, List of Commitments (collectively referred to herein as ("The Plan for Transformation"), Waivers and Requests, Annual Public Housing Agency Plan and Five Year Public Housing Agency Plan and accompanying documents, as its application for participation under MTW; and

WHEREAS, the Secretary has determined that the Plan for Transformation constitutes an appropriate application and satisfies and complies with the selection criteria and on that basis, has selected the CHA for participation in the MTW demonstration; and

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WHEREAS, it is the aim of this demonstration to design and test innovative methods of providing housing and delivering services to low-income families in an efficient and cost effective manner, HUD and the Agency agree to fully cooperate with each other in order to make the MTW demonstration a success; and

WHEREAS, the parties desire to state the terms and conditions under which HUD will permit the Agency to participate in the Moving to Work Demonstration program as set forth in the Memorandum of Approval and Resident Protection Agreement, attached hereto. The Memorandum of Approval and Resident Protection Agreement is hereby incorporated by reference into this Agreement.

NOW, THEREFORE, in reliance upon and in consideration of the mutual representations and obligations hereunder, the parties do agree as follows:

ARTICLE I. HUD Program Requirements and Other Federal Requirements.

A. This Agreement supersedes the terms and conditions of the ACCs and the provisions of the United States Housing Act of 1937 (the "1937 Act") and HUD requirements to the extent necessary for the Agency to implement its MTW demonstration, as approved by HUD in this Agreement. All authorizations contained in this Agreement are for the length of the demonstration only, unless otherwise specified. Except as necessary to implement the Agency's activities described in the Memorandum of Approval and Resident Protection Agreement, the Agency is subject to the requirements of the ACCs, the 1937 Act, and other HUD requirements. In the event of a specific conflict between this Agreement and the Memorandum of Approval and Resident Protection shall govern. Notwithstanding anything in this Agreement, the following provisions of the 1937 Act, as otherwise applicable, shall continue to apply to the Agency and/or assistance received pursuant to the 1937 Act:

1. The terms "low-income families" and "very low-income families" shall continue to be defined by reference to Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2));
2. Section 18 of the 1937 Act (42 U.S.C. 1437p, as amended by Section 1002 (d) of Public Law 104-202), governing demolition and disposition, shall continue to apply to public housing notwithstanding any use of the housing under MTW; and
3. Section 13 of the 1937 Act (42 U.S.C. 1437j), governing wage rates, shall apply to housing assisted under MTW unless tenant-based assistance is the only assistance received by participating families and the housing in which they reside receives no other assistance.

B. To the extent described in the Memorandum of Approval and Resident Protection Agreement, as applicable and as approved by HUD, the Agency may combine operating subsidies provided under Section 9(e) of the 1937 Act (42 U.S.C. 1437g), capital funding

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provided under Section 9(d) of the 1937 Act (42 U.S.C. 1437f) and assistance provided under Section 8 of the 1937 Act for the certificate and voucher programs (42 U.S.C. 1437f) to fund HUD approved MTW activities.

- C. Unless otherwise provided herein, this Agreement does not apply to Section 8 assistance that is required: (a) to meet existing contractual obligations of the Agency to a third party (such as Housing Assistance Payment contracts with owners under the Agency's Section 8 certificate and voucher program); (b) for payments to other PHAs under Section 8 portability billing procedures; or (c) to meet particular purposes for which HUD has expressly committed the assistance to the Agency.
- D. The Agency agrees to comply with HUD requirements governing the MTW program. Such HUD requirements include, but are not limited to management, financial, accounting, or other requirements designed to adequately track and monitor the Agency's use of HUD assistance. Notwithstanding other provisions of this Agreement, the Agency will be required to submit reports and financial statements as necessary in forms prescribed by HUD.
- E. The Agency agrees to cooperate fully with HUD and its contractors in the monitoring and evaluation of the MTW demonstration, to keep records and to submit reports and information to HUD as required of PHAs participating in the MTW program. Except as otherwise provided in this Agreement, the Agency shall submit an Annual Plan and Report as required by Section 5A of the 1937 Act (as amended), which shall include a separate section fully describing activities and uses of funding the Agency is undertaking through the MTW demonstration.
- F. Pursuant to the 1996 Appropriations Act, the amount of assistance that the Agency receives for public housing operating subsidies, public housing capital grants, and Section 8 assistance for certificates and vouchers will not be diminished by the Agency's participation in the MTW program.
- G. Any HUD assistance that the Agency is authorized to use in the MTW demonstration must be used in accordance with the Memorandum of Approval and Resident Protection. The Agency hereby certifies that this Agreement is subject to approval by the Agency's governing board, and that a copy of such board approval will be provided to HUD.
- H. As required by the 1998 Quality Housing and Work Responsibility Act, the Agency agrees that at least seventy-five percent (75%) of new the families assisted by the Agency's Section 8 program and at least 40% of the new families under the Public Housing Program will be very low-income families. The Agency agrees to comply with the requirements of Section 16(a)(3) of the 1937 Act (as amended). The Agency agrees to continue to assist substantially the same number of eligible low-income families under MTW, and maintain a comparable mix of families by family size, as would have been served or assisted if HUD funding sources had not been used under the MTW demonstration.
- I. The Agency may adopt and implement any reasonable policies for setting rents for public housing, or rent or subsidy levels for tenant-based assistance, notwithstanding the U.S.

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Housing Act of 1937, subject to the Memorandum of Approval and Resident Protection Agreement.

- J. If applicable to activities under the Memorandum of Approval and Resident Protection Agreement, the Agency agrees to provide HUD with any documentation that HUD needs to carry out its review under the National Environmental Policy Act (NEPA) and other related authorities and otherwise will assist HUD in complying with 24 CFR Part 50 environmental review procedures. The Agency further agrees (a) to carry out mitigating measures required by HUD or select an alternate eligible property, if permitted by HUD, and (b) not to acquire, rehabilitate, convert, lease, repair or construct property, or commit HUD or local funds to program activities involving eligible property without HUD's approval under 24 CFR Part 50.
- K. The Agency will comply with all applicable nondiscrimination and equal opportunity requirements set forth in 24 CFR 5.105(a), and will administer its programs and activities in a manner affirmatively to further fair housing. In particular, the Agency must make reasonable modifications and accommodations needed by applicants and residents and must make units accessible in accordance with the Needs Assessment and Transition Plan as required under Section 504 of the Rehabilitation Act of 1973 and its implementing regulations.
- L. HUD will review and approve under the statutory timeframe and subject to the Memorandum of Approval and Resident Protection Agreement, the CHA's submission with the Plan for Transformation of the Designated Housing Plan and Amendments, FY99 and 00 Capital Budgets, FY 00 Operating Budget, Tenant Selection and Assignment Plan of the Admissions and Occupancy Policy, any submissions regarding Demolition/Disposition requests, the Annual Plan template, and any submissions pursuant to Section 202 of the 1996 HUD Appropriations Act.

ARTICLE II. Revision and Termination of Agency MTW Program

- A. With written HUD approval, this agreement and the Memorandum of Approval and Resident Protection Agreement may be revised by the Agency during the course of the demonstration. The Agency shall request approval of a revision by written notification to HUD (delivered to the Office of Policy, Program, and Legislative Initiatives, or its successor, in the Office of Public and Indian Housing), accompanied by an approved board resolution, or equivalent, and certification that the Agency has satisfied all resident participation requirements. HUD will review proposed revisions within a reasonable period of time. When proposing amendments to this Agreement, the Agency will consider these comments prior to amending this Agreement.
- B. HUD will cooperate with the Agency to extend successful demonstration activities beyond the term of the MTW demonstration where feasible. To the extent that MTW activities will not continue past the term of the demonstration, the Agency shall fully cooperate with HUD in developing and implementing a transition plan for terminating the Agency's MTW demonstration program and providing for the continued administration of the public housing and Section 8 programs, as applicable.

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ARTICLE III. Default

- A. Definition of Default.** Use of funds subject to this Agreement for a purpose other than as authorized by this Agreement and the Statement of Authorizations; noncompliance with legislative, regulatory, or other requirements applicable to this Agreement; other material breach of this Agreement; or a material misrepresentation in the MTW Plan submission by the Agency shall be a default under this Agreement. The Agency's inability to pass PHAS and the consequences that follow shall not constitute a default.
- B. HUD's Determination of Default.** If HUD determines that the agency is in default, HUD will give the Agency written notice of the default and of the corrective or remedial action required or ordered by HUD.
- C. Corrective or remedial actions HUD may require or order under this Agreement for Agency default include, but are not limited to the following:**
1. Requiring the Agency to prepare and follow a HUD approved schedule of actions as provided in an amended Plan for Transformation for properly completing the activities approved under this Agreement;
 2. Canceling or revising the affected activities, revising the budget for activities as necessary, and substituting other eligible activities;
 3. Prohibiting payment or reimbursement for any MTW demonstration activities or for those activities affected by the default;
 4. Requiring reimbursement by the Agency to HUD for amounts used improperly
 5. Changing the method of payment to the Agency;
 6. Suspending the Agency's authority to make draws or receive or use funds for affected activities;
 7. Reducing the Agency's funding in the amount affected by the default;
 8. Terminating the Agency's funding as to further activities under the MTW demonstration;
 9. Taking any other corrective or remedial action legally available; and
 10. Taking action, as applicable, pursuant to the Section 8 and/or public housing Annual Contributions Contract.

**Chicago Housing Authority
Moving to Work Agreement—Page 6**

FROM CHICAGO HOUSING AUTHORITY 312 726 6418 (WED) JUL 27 2005 12:23/ST. 12:21/NO. 6360046203 P 7

February 6, 2000

**MEMORANDUM OF APPROVAL
RESIDENT PROTECTION AGREEMENT
MOVING TO WORK AGREEMENT**

**U.S Department of Housing and Urban Development
Chicago Housing Authority**

FROM CHICAGO HOUSING AUTHORITY 312 726 6418 (WED) JUL 27 2005 12:23/ST.12:21/NO.6360046203 P 8

MEMORANDUM OF APPROVAL AND
RESIDENT PROTECTION AGREEMENT

PART I: HUD Responses to CHA List of "Commitments, Waivers, and Requests"

HUD's responses to the requests in CHA's list of "Commitments, Waivers, and Requests", dated January 6, 2000, are as follows:

1. Ten-year program commitment. **Approved.** HUD agrees that a multiyear plan is required to address the issues confronting CHA. Therefore, except as otherwise provided below, and subject to HUD's authority to terminate its agreement with CHA and pursue other remedies (as described in item 2), the term of the funding commitments and program changes granted to CHA is ten years.
2. Termination clause. **Approved.** As CHA has requested, HUD will provide CHA with notice and a reasonable opportunity to be heard before terminating its agreement with CHA. Consistent with HUD's agreements with other Moving to Work sites, HUD may terminate its agreement or any or all approvals, or take any other corrective or remedial action, if CHA defaults, or is substantial non-compliance with the agreement or the terms of an approval or for other goods as determined by HUD.
3. Prospective Adverse Legislation and/or Regulation. **Approved.** In the event of any regulatory or legislative change significantly affecting the terms, conditions, or funding under this agreement, CHA and HUD will re-negotiate any affected provision.
4. HUD Liaison. **Approved.** As CHA has requested, HUD will appoint a liaison as a single point of contact within a reasonable time, so that issues that arise during implementation of CHA's plan can be addressed expeditiously. CHA likewise agrees to appoint a liaison HUD. HUD will also appoint a liaison to the CAC to ensure that HUD continues to be aware of residents' concerns.
5. Block Grant Funding. **Approved.** PHAs receive HUD funds from three basic sources: Operating Funds, Capital Funds, and Section 8 voucher funds. By law, the amount that any single PHA receives from each of these sources is determined by three separate national formulas. With certain exceptions, the law prohibits a PHA's funds from these three sources from being commingled. One of Congress's concerns was that Capital Funds not be diverted to short-term operating uses at the expense of prudent longer-term investments, or that capital or section 8 funds be diverted to subsidize inefficient public housing operating practices.

Nevertheless, to give CHA the flexibility it has requested, HUD will permit the CHA to combine amounts from the Capital Fund and the Operating Fund into a block grant and use them for activities permitted for either the Capital Fund or the Operating Fund under the U.S. Housing Act of 1937, as amended (the "1937 Act"). CHA may also include tenant-based Section 8 assistance (including administrative fees) in the block grant, provided that CHA continues to make available the number of vouchers under contract, subject to a reasonable leasing schedule and temporary conversion for relocation or mobility counseling services as limited herein. In order to ensure adequate funding for the development needs identified in the Plan, no more than 20% of the amount allocated to CHA from the Capital Fund may be used for Operating Fund purposes. This is consistent with CHA's expressed intention of cutting its operating expenses and devoting more resources to addressing its capital improvement needs.

CHA has also requested assurances of a consistent and reliable capital development funding stream. HUD will, as requested by CHA, take several steps to establish a level funding stream. First, HUD will issue a capital funding rule that will establish a base allocation of approximately \$139 million

annually for 10 years, for a total of \$1.39 billion, assuming level Congressional appropriations. Second, under the rule, HUD will lock in this funding formula for 10 years irrespective of demolition. Third, to the extent permitted by law and applicable Notices of Funds Availability, HUD will set aside additional national funds in the 2000 and 2001 HOPE VI budget to provide sufficient funds to meet CHA's current projection of its total development and demolition cost for the ten year plan. Fourth, as stated in HUD's letter of November 15, 1999, HUD will make available an additional funding guarantee of at least \$350 million through the Community Development Block Grant (CDBG) Section 108 authority. Total projected funds provided to the CHA for development and demolition through these steps equals \$1.565 billion (not including CDBG funds). As a result, the CHA will replace or rehabilitate 25,000 public housing units.

HUD notes that the CHA is relying entirely on federal sources to fund CHA redevelopment. HUD encourages the City to bring the many resources at its disposal to the redevelopment process, including the use of low income tax credits for mixed income developments on public housing sites.

Regarding operating funds, CHA will receive level funding according to the formula described in Attachment A to this Memorandum. In addition, CHA will receive a block grant for drug elimination funds, (which is available for certain operating expenses subject to the rules of the drug elimination program) of approximately \$8.5 million per year, totaling \$85 million during the ten year life of the plan.

6. Relocation and Replacement Vouchers. Approved. To ensure that adequate relocation resources are available to CHA residents, HUD will provide a Section 8 voucher, subject to Congressional appropriations, for each public housing unit demolished for which a hard unit replacement is not provided.
7. Demolition Costs. Approved. In the FY 2000 budget and the proposed FY 2001 budget for the HOPE VI program, HUD has set aside sufficient funds nationally to accommodate CHA's projected 10 year need for demolition funds. HUD will provide funding to meet CHA's request over a two-year period, subject to Congressional appropriations and to CHA submitting approvable applications for such funds that comply with the terms of the relevant notices of funding availability.
8. Relocation and Counseling Services. Approved. HUD agrees on the importance of relocation issues to the success of CHA's plan. Therefore, HUD will approve CHA's request to temporarily convert a portion of its Section 8 vouchers into a funding source of \$12.5 million for relocation costs. At the end of five years, a voucher will revert from temporary relocation services to permanent housing.
9. Forgiveness of Debt for Emergency Repairs. Approved. Congress required that emergency capital funds provided by HUD to a PHA should be repaid, since such funds are in excess of the PHA's formula share. However, because of CHA's need for capital improvement resources, HUD will defer repayment of CHA's currently outstanding emergency modernization loan for a period of ten (10) years.
10. Clarification of Development Regulations Regarding Mid-Rise Buildings. Approved. The 1937 Act generally prohibits the development of additional public housing for families in mid-rise or high-rise structures, since these are not appropriate environments for children. However, as CHA has requested, HUD will permit CHA to explore a variety of development options, and to develop mid-rise buildings where appropriate, to be determined in consultation with the CHA and residents on a case-by-case basis with HUD approval. Such HUD approval would constitute the necessary waiver.
11. Streamlined Demolition/Disposition Processing. Approved. The 1937 Act requires HUD approval of demolition and disposition requests to ensure that the supply of public housing is diminished only with good reason. As CHA has requested, HUD is creating a streamlined review process for

demolition and disposition for Chicago's applications and will identify a single point of contact for CHA to facilitate this process.

12. Augment Section 202 Viability Test with Market Viability Program. **Approved.** Congress mandated in 1996 that certain distressed public housing developments must be demolished if the cost to rehabilitate the development is greater than a Section 8 voucher ("Section 202 Viability Rule"). At this time, no waiver of those provisions is necessary for CHA to implement its plan. Three of the five mid or low rise developments identified by CHA are not subject to Section 202 (Trumbull, Altgeld-Murray, Ickes). However, CHA notes that these properties may be considered distressed under proposed regulations implementing the 1998 Public Housing Reform Act. If under the proposed rule, these properties are subject to Section 202, HUD will defer taking action under Section 202 for one year to enable the CHA to complete the RFP process for these developments. Likewise, with respect to the other two mid-rise or low-rise developments for which CHA requested authority to undertake its market feasibility process (Cabrini Rowhouses and Dearborn), HUD will defer taking action under Section 202 for one year to enable the CHA to complete the RFP process for these developments.
13. Use of Capital Funds for Replacement Reserves. **Approved.** Use of replacement reserves generally has been limited in the public housing program because capital needs which require immediate attention far exceed the funding available. Nevertheless, as CHA has requested, HUD will review on a transaction-by-transaction basis CHA's request to use Capital Funds for a replacement reserve in mixed-finance transactions. HUD encourages CHA to pursue a wide variety of development opportunities in seeking to provide adequate replacement housing for CHA residents.
14. Clarification of Authority to Leverage Funds. **Approved.** Subject to Congressional appropriations, CHA may pledge its future funding streams to obtain public and private financing. CHA may also mortgage its assets, subject to prior HUD approval on a case-by-case basis. HUD has an obligation to ensure that the projected benefits of such transactions exceed the risk to public housing assets.
15. Use of MTW/Capital and/or Operating Funds for Annuities. **Approved.** As CHA has requested, HUD will review on a transaction-by-transaction basis CHA's request to use Capital Funds and/or Operating Funds for annuities. Again, HUD is concerned about setting aside scarce resources that could be used for current capital needs.
16. Rent Policies. **Approved.** The 1998 Act gives public housing authorities more latitude in setting rent policy than they have had in the past. However, in recognition that public housing and tenant-based assistance is a vital resource to extremely low-income families whose ability to pay rent is severely limited, the law generally does not permit rents to exceed 30% of a family's adjusted income. HUD will permit CHA to adopt reasonable rent policies that would encourage economic self-sufficiency. Such policies would only be adopted after full public comment, including consultation with the CAC/LAC, and formal amendment to CHA's Admissions and Occupancy policy. Any policy to increase tenant rents above levels permitted by the 1998 Public Housing Reform Act is subject to HUD review and approval, as is the amended Admissions and Occupancy Policy.
17. Bi-annual Recertifications. **Approved.** CHA may implement bi-annual recertifications for seniors as described in the waiver request. This change may increase CHA administrative savings.
18. Local Lease. **Approved.** Current lease regulations are designed to protect public housing tenants against unreasonable housing authority action. CHA, however, may adopt local lease provisions to encourage better community standards. As CHA has proposed, these provisions would be subject to State and local law, would not permit no-cause evictions, and would retain a grievance process. HUD agrees with CHA that any such provisions may be adopted only after full public comment and hearing, including input from CAC/LAC, and formal amendment to CHA's Admission and Occupancy Policy. Unless HUD subsequently approves a waiver request from CHA, lease provisions must be consistent with the minimum requirements of leases established in 24 CFR 966.

19. Designated Housing. **Approved.** HUD will review and approve CHA's plan to designate any or all senior buildings as "senior only", provided that the plan meets the standards for approval of a designated housing plan and that adequate safeguards are in place for the disabled, including protections for disabled persons who are CHA residents and those seeking housing assistance. As CHA has proposed, any such designations will not affect existing residents and must provide accessible or adaptable units in redeveloped sites in excess of the 5% required by Section 504. CHA must consult with advocates for the disabled such as the Disability Rights Action Coalition for Housing and other disability advocate groups.
20. Obligation and Expenditure Rules and Reporting Requirements. **Approved.** HUD will waive the obligation and expenditure deadlines for the use of Capital Funds and CHA will not be required to report separately on obligation and expenditure rates. In accordance with CHA's proposal, such information would be reflected in CHA's annual consolidated financial report. HUD does question CHA's perceived need for this waiver, which will allow the CHA to carry unexpended balances, given CHA's intent that the Plan will allow CHA to expend Federal funds more efficiently.
21. Allowable costs. **Approved.** In modernization and developments projects, CHA will be exempt from the HUD Modernization Handbook regarding allowable costs, provided that block grant funds are used for purposes of public housing and tenant-based assistance. As CHA notes, CHA will remain subject to OMB Circular A-87. This will give CHA greater flexibility in using its block grant funds.
22. HUD Review and Approval of the CHA Procurement Policy and Authority to Use Qualification-Based Procurement for Professional Services other than A&E Services. **Approved.** Housing authority procurements are subject to government-wide Federal rules to ensure integrity in the contracting process. At the same time, HUD supports CHA's efforts to find administrative savings that can be converted into funding for housing and services. Therefore, upon receiving CHA's proposal on procurement, HUD will review and approve a policy that eliminates the need for prior HUD approval of various contracting matters and allows CHA to use qualification-based procurement for certain professional services. HUD will continue to monitor to ensure that CHA's actions remain in compliance with the approved policy. HUD approval may be subject to OMB concurrence, which HUD will assist CHA in securing. The CHA will set goals of 50% for MBE/WBE and Section 3 businesses participating in construction contracts, to the fullest extent permitted by law, and will establish a program to encourage local hiring as required by Section 3 of the Housing Act of 1968.
23. Ability to Establish Local Leased Housing Program. **Approved.** Once submitted, HUD will review and approve a request from CHA to establish a local leased housing program, subject to certain minimum standards, which include but are not limited to, compliance of all units with HQS requirements and assurances from CHA that basic tenant protections and fiscal controls are in place concerning the number of families served, subsidy levels, income targeting, lease terms, rent reasonableness, and tenant rents. This waiver gives CHA the flexibility to implement a housing voucher program that meets local needs, while ensuring that the program continues to serve the neediest families in an efficient manner.
24. Project-Based Section 8. **Approved.** The law limits to 15% the portion of a housing authority's Section 8 vouchers that may be used for project based assistance. This limitation is to ensure that most vouchers can be used anywhere in a community, rather than requiring voucher users to locate in specific buildings. However, HUD will allow CHA to exceed the 15% limitation on project-base vouchers in CHA-owned properties, and that CHA's program does not contribute to additional concentrations in certain properties or neighborhoods of extremely low-income families. HUD will monitor this policy closely.
25. Section 8 Inspection Protocols. **Approved in Part, Denied in Part.** CHA must continue inspection protocols for buildings over five years old. However, CHA may develop a local inspection protocol

for buildings that have been constructed or substantially rehabilitated within the last five years. Inspections go to the heart of protecting the health and safety of tenants in federal subsidized housing.

26. Conversion of Vouchers for Expanded Mobility Counseling. Approved. HUD agrees on the importance of mobility counseling to the success of CHA's plan. Therefore, HUD will approve CHA's request to temporarily convert a portion of its Section 8 vouchers into a funding source of \$25 million for relocation costs. At the end of five years, a voucher will revert from temporary mobility counseling services to permanent housing.
27. Clarification of Authority under Block Grant to Create Endowment Trust for Supportive Services. Approved. CHA may use block grant funds to establish endowment trusts for supportive services. However, HUD again notes its concern that CHA not set aside for other purposes funds which are available to address immediate capital needs, which would counter CHA's extensive goals for redevelopment.
28. Wage Rate Monitoring. Approved. In order to reduce administrative costs, CHA may implement a streamlined wage-rate monitoring process, subject to compliance with Davis-Bacon wage rates and other Department of Labor requirements. The Department of HUD will periodically (not less than annually) audit wage rates on all construction jobs of less than \$100,000 to ensure Davis-Bacon compliance.
29. Public Housing Assessment System (PHAS). Denied. The CHA has requested that CHA be exempt from the assessment system for public housing. This system provides an inspection protocol that monitors the quality and conditions of the public housing stock to ensure that minimum conditions of health and safety are met. Inspections of public housing units are the primary protection to ensure that public housing units are maintained in decent, safe, and sanitary condition as required by federal law. HUD recognizes that CHA has developed an extensive plan for reconstruction of public housing units, but this does not eliminate the obligation to provide decent, safe, and sanitary housing units to residents of currently occupied units. HUD will therefore not waive the inspection system.

HUD believes that the CHA's request for a waiver of the inspection system is misplaced. Under the phase in of national, uniform inspection standards, CHA is subject only to advisory scores through March, 2001. After this time, and through March 2003, assuming that CHA is making reasonable progress, CHA is subject to no penalty for failing to pass physical inspections for its developments, other than to produce a plan for recovery. To allay any concerns CHA may have, HUD will deem the CHA Plan for Transformation sufficient to meet the requirement for a recovery plan. CHA thus has over three years to meet the minimum standards for physical condition of occupied units. To assist CHA in meeting this goal, HUD will exempt vacant units and units scheduled for modernization from physical inspection scoring. If, at the end of that period, CHA is not able to pass PHAS, then CHA may request and HUD will give full consideration to a request for a deferral of any applicable administrative action in order to permit redevelopment and other activities under the Plan for Transformation to proceed.

PART II: CHA/HUD Resident Protection Agreement

The following is a statement of the agreements between CHA and HUD concerning tenant protection issues. Compliance with these agreements is a condition of HUD's continued approval of CHA's waiver requests.

A. Housing security

1. **Section 8 Market Study:** HUD will review each year the ability of the market to absorb additional voucher holders. This will include a market assessment on a scale HUD deems necessary to determine the market's ability to absorb the Section 8 voucher holders necessary for relocation, as well as an assessment of the success rates and locations of voucher users. No one will be forced to leave the city. CHA will provide any necessary information, will continue to conduct focus groups and otherwise seek to identify issues in voucher usage and will describe any steps taken to overcome barriers to the use of vouchers.
2. **Relocation and Demolition Schedules:** CHA will adjust its relocation and demolition schedules if the results of HUD's market review or HUD's assessment of success rates of voucher users indicate the need to do so. HUD's approval of demolition or section 202 mandatory conversion plans will contain this condition. If HUD neither has completed a market review nor has required changes based on its assessment of success rates of voucher holders, CHA may continue to proceed according to previously approved relocation and demolition schedules. Schedules for demolition of vacant buildings or for interim relocation to other public housing rather than Section 8 will not be affected by these HUD reviews.
3. **Monitoring of Section 8 Contract:** At HUD's direction in 1996, a private contractor took over responsibility for administration of the CHA's Section 8 program. This contract is critical to the administration of housing for almost 20,000 families. To promote additional housing opportunities, the new contract with the section 8 contractor shall continue to have both performance, as well as timeliness of administrative procedures including inspection of new units and rent negotiation. HUD will continue its close monitoring with respect to the contract and any amendments.
4. **Fair Housing Commitment:** The CHA will work with various organizations to expand landlord participation and receptiveness of neighbors, and will take special initiatives to expand choices for lead-safe housing and accessible housing (including CHA's proposed access improvement fund). In addition, CHA will partner with fair housing groups to combat discrimination against voucher holders based on race, familial status, disability or source of income. CHA has agreed to contract for quarterly testing for fair housing compliance throughout the section 8 and public housing programs.

B. Relocation process and rights of relocatees

1. **Legally Enforceable Right to Return and Lease Amendment:** CHA has agreed that CHA residents to be displaced from buildings to be demolished for redeveloped will be offered public housing or Section 8 vouchers, and has agreed to various rights of Section 8 relocatees to return to public housing. CHA has indicated its commitment to adopting a legally enforceable lease containing other protections regarding tenant rights. HUD's continued agreement to the waivers, approvals and other aspects of this agreement is expressly conditioned upon CHA's negotiation with the Central Advisory Council of a lease agreement containing satisfactory protections within a reasonable period.

2. Relocation Counseling: CHA's Plan for Transformation includes various protections for relocatees. As CHA has stated, families who must move from buildings to be demolished or redeveloped under the Plan for Transformation will receive extensive pre-move counseling, assistance in accessing services, Section 8 mobility counseling so that they can make informed choices and secure adequate housing, and post-move counseling. CHA also has committed to arrange for the physical move and make various move-related payments, in compliance with all applicable laws. In addition to meeting its legal obligations regarding offers of housing, final notices and other matters, CHA will provide written information and guidance at least six months prior to the date of such moves, and will begin work with each relocating family at that time. CHA also will provide at least 90 days official notice of such moves. CHA has committed to provide second-move mobility counseling to all existing Section 8 families who indicate an intention to move, or who must move for various reasons.
3. As part of these steps, CHA will conduct an information campaign in a timely fashion to dispel myths about how much vouchers work (e.g., misunderstandings regarding restriction of vouchers to certain neighborhoods or automatic termination of vouchers after one year), explain what kind of support will be available to relocatees and explain relocatees' choices.

C. Reuse of sites

1. CHA has agreed that it will convene working groups to determine the future of sites where demolition will occur, which include representatives of CHA residents and other appropriate parties, in accordance with the redevelopment process described in the Plan for Transformation as described in the plan in pp.17-23. Any proposed reuse of a public housing site will be subject to HUD approval. CHA has agreed that with the funding identified herein, its plan will result in at least approximately 25,000 public housing units.

D. Income targeting

1. HUD and CHA clarify that the income targeting requirements of the United States Housing Act of 1937 will continue to apply. The targeting requirements are that at least 40% of new admissions to public housing and 75% of new voucher recipients each year have incomes below 30% of median.

E. Applicability of deconcentration requirements

1. Nothing in this agreement shall be construed to exempt or alter applicability to CHA of any statutory or regulatory requirement for deconcentration of poverty and income mixing requirements under the 1998 Public Housing Act.

F. Appropriate Approvals Under the Gautreaux Consent Decree

1. The CHA agrees to seek all appropriate review and approval under the terms of the Consent Decree. The approvals herein are contingent on the redevelopment activities in the Plan meeting the terms of the Consent Decree.

- G. Nothing in this document shall constitute a waiver of any federal law or regulation except as stated herein. Nothing in this document shall restrict the rights of the Department of HUD to review, monitor, audit, or request any information necessary to ensure CHA's progress in implementing the Plan for Transformation or CHA's compliance with the agreements and approvals herein.

H. Memorialization

1. The Plan for Transformation and list of commitments waivers and constitutes an approved MTW application subject to the approvals, conditions and agreements herein. These agreements are further memorialized in the accompanying Moving to Work Agreement.

ATTACHMENT A – OPERATING FUND AGREEMENT

1. The base year is CHA's FY1999 at 100% of subsidy eligibility (\$176, 451, 193), calculated to include approximately 2000 additional deprogrammed units.
2. Except for the adjustments outlined in the following steps, no other adjustments will be made.
3. For Fiscal Years 2000-2002, the CHA will prepare its operating subsidy request by making the following annual adjustments to the base year amount in Number 1 above.
 - A. "Simplified Delta" of 0.005%.
 - B. The PFS annual inflation factor for Chicago.
 - C. Unit demolitions. The CHA will deduct from the base year amount (after adjusting for 3(A) and 3(B) above) unit demolitions planned for the subject year. In making this deduction the unit months following the scheduled date of demolition will be used, multiplied by the deprogrammed funding amount for the fiscal year (\$222.01 PUM in FY99, adjusted annually for inflation).
 - D. Congressional appropriations (i.e., pro-ratio of subsidy when less than 100% funding of operating subsidy).
4. Year-end adjustments. The only year-end adjustments will be as follows.
 - A. Unit demolitions. Subsidy will be adjusted based on actual versus planned demolitions as well as units returned to stock (replacement housing). This year-end adjustment will then be applied to the subsidy calculations for the subsequent FY.
 - B. Any change during the year in congressional appropriations.
5. Prior to the end of the three year period referenced in (2), CHA and HUD agree to reconcile CHA's unit count. At the time of the reconciliation, CHA and HUD also agree to make any necessary adjustments to the procedures outlined above.

Amendment No. 1 to CHA's Moving to Work Agreement

This Amendment No. 1, dated as of January 17, 2001, ("Amendment No. 1") to the "Memorandum of Approval, Resident Protection Agreement, Moving to Work Agreement", dated February 8, 2000 (hereafter, the "MTW Agreement"), is entered into by and between the U.S. Department of Housing and Urban Development ("HUD") and the Chicago Housing Authority ("CHA").

HUD and CHA hereby agree as follows:

1. Replace Article 1, subsection J with the following:

The Agency agrees to enter into an agreement with a responsible entity to satisfy all obligations imposed by the National Environmental Policy Act (NEPA), as specified in 24 CFR Part 58.

2. Add Article 1, new subsection M, the following:

The provisions of this entire agreement are subject to applicable law. This section is not intended to modify any rights contained in the Moving to Work Demonstration Agreement and the Memorandum of Approval and Resident Protection Agreement.

3. Add to Part 1, subsection 5, the following:

CHA acknowledges that it has received \$ 64.5 million through the award of FY 2000 HOPE VI Funds. CHA commits to submitting appropriate applications for additional funding in response to the FY 2001 Notice of Funding Availability for the HOPE VI program. Regardless of whether CHA is awarded FY 2001 HOPE VI Funds, HUD remains committed to providing CHA a total of \$1.565 billion (not including CDBG funds) to meet the total development and demolition costs for the ten year period, subject to appropriations consistent with this purpose. With these funds, CHA will replace or rehabilitate 25,000 units. HUD acknowledges that if CHA is not awarded the \$ 110 million anticipated of FY 2001 HOPE VI funds necessary to reach the full \$1.565 billion set forth in the agreement and HUD is unable to identify other funds for the purpose, the number of units required to be replaced or rehabilitated pursuant to this agreement will be reduced accordingly.

Regarding conversion of Section 8 Certificates and Vouchers to Block Grant Funding:

Units Eligible for Inclusion in Block Grant

- a) Conversion of existing Section 8 certificates and vouchers to Moving to Work units will be conducted according to instructions provided by HUD. The categories of Section 8 vouchers eligible for inclusion in the block grant are, at a minimum, fair share, eligible turnover, relocation, and replacement vouchers. A list of Section 8 units eligible for inclusion in the block grant ("MTW units"), will be provided by HUD along with the instructions as soon as possible following execution of this amendment, and will be finalized in consultation with CHA based upon the best data HUD and CHA have available at the time.
- b) The first year for which there are MTW units is the year commencing January 1, 2001. This will include any fair share vouchers awarded to CHA during the year beginning January 1, 2000.

Funding provided for Section 8 certificates and vouchers for all years prior to the year commencing January 1, 2001, is subject to all Section 8 requirements, including without limitation year-end settle-up of funds provided and any HUD action to recapture funds.

- c) The number of MTW units will not be adjusted throughout the duration of the demonstration unless: 1) any units under ACC that are not available upon execution of this agreement become available for MTW purposes upon renewal or as otherwise authorized by HUD or 2) the Agency receives incremental (e.g., fair share, relocation and replacement) Section 8 vouchers, which the agency may choose to convert into the block grant or to operate as a separate program, as provided in law.

Calculation of MTW Subsidy

Initial year of MTW Participation (January 1-December 31, 2001)

- a) For the certificate and voucher programs, respectively, divide Total Funds Required (minus the cost of Family Self-Sufficiency Coordinators) by the Number of Unit Months Leased, as provided in the year-end settlement data for the base year. (The base year is January 1-December 31, 1999.) Multiply this amount by the inflation factor established for the calculation of renewals, for both 2000 and 2001, to arrive at an inflation adjusted MTW program per unit cost (MTWPUC) for the initial year (to be adjusted for funds already paid).
- b) Multiply the MTWPUC by the total number of MTW units and the number of months (MTWPUC x MTW Units x 12) to arrive at a total MTW subsidy amount to be disbursed that year.

Second and subsequent years of MTW Participation:

- a) Multiply the total MTW subsidy established in the previous year (excluding reserves) by the annual inflation factor established for the calculation of renewal of Section 8 contracts to arrive at the current year's inflation adjusted Section 8 subsidy.
- b) HUD has increased the FMR for the Chicago market area to the 50th percentile, beginning in December 2000. CHA is authorized to use this authority. In future years, the Agency may demonstrate to HUD and HUD may include additional subsidy resulting from the additional increases in the FMR.

Reserves

- a) An amount equal to two months' program cost (MTWPUC x MTW units x 2) will be made available to CHA from existing Section 8 certificate and voucher project reserves for use as project reserves for MTW eligible units.
- b) There will not be a year-end settle-up of annual funds provided for MTW units. All funds provided through this calculation will remain available for authorized purposes.

CHA affirms its obligation to provide replacement housing for each unit demolished consistent with Public Law 104-134 sec. 204(c)(3)(C).

4. Add to Part 1, subsection 6 with:

To ensure that adequate relocation and replacement resources are available to CHA residents, HUD will provide a Section 8 voucher, subject to Congressional appropriations, for each public housing unit

disposed of or demolished.

HUD and CHA have reviewed and reconciled their respective records to determine how Section 8 vouchers awarded by HUD to CHA while CHA was under HUD administration, and for which HUD approved interim use by families on the waiting list, were allocated in order to arrive at a baseline for the award of additional Section 8 relocation and replacement housing vouchers under the MTW Agreement. As part of the reconciliation process, CHA produced a chart (attached as Appendix A) summarizing to the best of its ability the allocation of these previously-issued Section 8 vouchers. HUD and CHA have relied on the information contained in this chart as well its own records to reach agreement on the appropriate baseline for future replacement voucher allocations.

Based on this information and for the purposes of this Agreement, HUD and CHA have determined that CHA will require 13,230 vouchers for relocation and replacement in addition to 7527 vouchers awarded for these purposes in 1995-96 to complete the Plan for Transformation as it is currently formulated. If CHA fails to demolish a total of 20,757 units beginning in 1995 and under the Plan for Transformation, the number of vouchers to which CHA is entitled will be reduced accordingly. Except as provided below for units demolished in 2000, these vouchers will be included in the annual subsidy available to CHA in the year after CHA's demolitions occur, until the total number of 13,230 additional vouchers has been made available (assuming that CHA demolishes a total of 20,757 units). All such Section 8 vouchers will be eligible for inclusion in the MTW block grant upon receipt by CHA. Upon request by CHA, HUD will provide within 60 days vouchers in FY2001 for units demolished by CHA in 2000.

5. Replace Part 1 subsection 12 with the following:

CHA has determined that Dearborn Homes and Cabrini Rowhouses are temporarily distressed, and CHA will expeditiously take steps so that substantially all vacancies can be brought on line in full compliance with Housing Quality Standards and in accordance with the Plan for Transformation. Based upon the information provided by CHA, HUD has determined that Dearborn Homes and Cabrini Rowhouses are not subject to the requirement to develop and carry out a plan for removal over time from the public housing inventory under Section 202 of the VA, HUD, and Independent Agencies Appropriations Act of 1996 and its implementing regulations at 24 CFR Part 971.

The Trumbull, Altgeld Murray, and Harold Ickes Homes developments are not subject to Section 202.

6. Add to Part 1, subsection 14, the following (regarding clarification of authority to leverage funds):

The terms of the letter from Assistant Secretary Harold Lucas to Terry Peterson, Chief Executive Officer, dated January 9, 2001, regarding the capital financing plan, pursuant to the Moving to Work Demonstration Agreement, are hereby incorporated into this MTW Agreement.

7. Add to Part 1, subsection 20, the following:

a) The Agency is authorized to use Comprehensive Grant Program (CGP) Funds from years prior to implementation of MTW (FYs 1998 and 1999) in accordance with this Agreement and to be described in the Agency's FY2000 MTW Annual Report. To document this authorization, CHA must submit, and HUD will approve, a request to reprogram, by grant year, any unobligated funds for eligible MTW purposes.

b) All CGP and Capital Fund amounts programmed for MTW purposes by CHA will be recorded and drawn down from MTW-designated line items on relevant HUD forms.

8. Add to Part 1, subsection 24, the following:

CHA is authorized to establish a reasonable competitive process for project-basing such assistance. CHA is authorized to project-base Section 8 leased housing assistance at eligible buildings owned by CHA that meet HQS standards, subject to the requirements regarding subsidy layering. CHA is authorized to request additional waivers of Section 8 laws and regulations with respect to project-basing to further the purposes of CHA's demonstration program.

Delete from Part 1, subsection 24, the following clause: "that CHA does not project-base vouchers in CHA-owned properties, and".

9. Add to Part I, subsection 29 the following:

Given the unique and comprehensive nature of the Plan for Transformation, HUD recognizes that SEMAP may not provide an accurate evaluation of CHA's performance in administering Section 8 subsidies provided under this MTW Agreement and for other special purposes. Therefore, HUD will modify SEMAP to evaluate CHA's utilization of these vouchers based on factors to be approved by HUD in consultation with CHA.

10. Add Part 1, a new Section 30, Conversion Plan

HUD approves the CHA's Conversion Plan under 24 CFR Part 971. This approval is subject to the Resident Protection Agreement and shall remain in effect provided that CHA, as part of its annual MTW Plan, submits to HUD an annual update to the Conversion Plan which provides the following information:

- Identification of the units have been demolished in the previous year (by development number, street address, and bedroom size) and the units that will be demolished in the next year (by development number, street address and bedroom size);
- Any revisions to the relocation schedule for the previous year, and the schedule for relocation of families in the next year, by development number, street address and bedroom size;
- To the extent that CHA requests additional relocation vouchers, the number of vouchers used for relocation in the previous year, and the number of vouchers the CHA will need for relocation in the next year, supported by information on the number of families to be relocated; and
- Evidence that the regulatory requirements for consultation with residents and local government for units that will be demolished in the next year have been met.

11. Add to Part 1, new subsection 31, the following:

PHDEP funds and block grant funds may be used to pay the Chicago Police Department for protective services and all related expenses, including expenses incurred in senior buildings, that are above and beyond the level of services that typically are provided to citizens of Chicago.

12. Add to Part 1, new subsection 32, the following (regarding CHA Annual MTW Plan and Annual MTW Report):

- A. In lieu of the five (5) year plan and annual plan required by Section 5A of the 1937 Act, as amended, the CHA will prepare and will conduct its activities in accordance with an Annual MTW Plan and Annual MTW Report. The Annual MTW Plan will serve as a comprehensive framework for the CHA's activities, including resource allocation decisions, and will be submitted to HUD for its review annually, no later than 60 days prior to the start of the CHA's fiscal year. The Annual MTW Plan will be submitted to HUD with a board resolution approving the Plan and certifying that a public hearing has been held regarding the Plan. HUD will review the Annual MTW Plan for completeness and consistency with this MTW Agreement. The elements to be included in the Annual MTW Plan and the Annual MTW Report are described in Attachment A. The Annual MTW Plan will be submitted to HUD in a reasonable format as determined by HUD, similar to CHA's Annual MTW Plan for FY2001, which has been submitted to HUD. CHA will also execute and submit with its Annual MTW Plan various certifications in the form of Attachment B.
- B. The CHA will prepare an Annual MTW Report, including a Consolidated Financial Report describing the sources and uses of funds under this Agreement, which will compare the CHA's performance with its Annual MTW Plan. The Annual MTW Report will provide the information necessary for HUD to assess the CHA's performance, in both regular operations and in activities authorized by the MTW Demonstration Program. All HUD forms and other reporting mechanisms, including any required certifications, will, where appropriate, be included in either the Annual MTW Plan or the Annual MTW Report, and will not be submitted to HUD at other times during the year. However, HUD reserves the right to require submission of any other information required by law or for sound administration of the program. The Annual MTW Report will be submitted to HUD for its review annually, no later than 60 days after the end of the CHA's fiscal year. The CHA shall submit with the Annual MTW Report, a board resolution approving the Report. HUD will review the Annual MTW Report for consistency with the Annual MTW Plan. The elements to be included in the Annual MTW Plan and the Annual MTW Report are attached. The Annual MTW Report will be submitted to HUD in a reasonable format as determined by HUD.
- C. During the term of the MTW demonstration, to the extent provided in this Statement of Authorizations and unless otherwise specified, the CHA's Annual MTW Plan and Annual MTW Report will replace only those program-based reporting requirements which are applicable to the receipt of public housing operating subsidies and modernization funds and/or tenant-based Section 8 funds.
- D. The CHA will submit an annual audit that complies with the requirements of OMB Circular A-133 (as provided by Article 1, Section 1, of the MTW Agreement), including the OMB Compliance Supplement, as determined by the auditor to be relevant to the MTW demonstration.

CHA MTW ANNUAL PLAN AND REPORT ELEMENTS

ANNUAL PLAN	ANNUAL REPORT
I. HOUSEHOLDS SERVED A. Number and characteristics of households served at beginning of period, by: <ul style="list-style-type: none"> - Unit size - family type (family vs. elderly or disabled) - income group (<30; 30-50; 50-80;>80) - housing type (LRPH; leased, other) - race & ethnicity B. Identify number and characteristics of households on waiting lists (all housing types). Discuss waiting list issues and proposed actions. C. Number projected to be served at end of period. D. Narrative discussion/explanation of change.	I. HOUSEHOLDS SERVED A. Number served: plan vs. actual by: <ul style="list-style-type: none"> unit size family type income group program/housing type race & ethnicity B. Changes in tenant characteristics. C. Changes in waiting list numbers and characteristics. D. Narrative discussion/ explanation of difference.
II. OCCUPANCY POLICIES A. Statement of policies governing eligibility, selection, admissions, assignment, and occupancy of families, including the admissions policy under section 16(a)(3)(B) for deconcentration of lower-income families. B. Statement of Rent Policy.	II. OCCUPANCY POLICIES A. Changes in concentration of lower-income families, by program. B. Changes in Rent Policy, if any. C. Narrative discussion/explanation of change.
III. CHANGES IN THE HOUSING STOCK A. Number of units in inventory at beginning of period by program (LRPH, leased, other). B. Projected number at end of period by program.	III. CHANGES IN THE HOUSING STOCK A. Number of units in inventory by program: planned vs. actual. B. Narrative discussion/explanation of difference.
IV. SOURCES AND AMOUNTS OF FUNDING A. Identify/discuss all sources and amounts of funding included in consolidated budget statement. B. Identify/discuss sources, amounts, and planned uses of special purpose funds outside the consolidated budget (e.g., DEG). C. Consolidated Budget Statement...	IV. SOURCES AND AMOUNTS OF FUNDING A. Planned vs. actual funding amounts. B. Narrative discussion/explanation of difference. C. Consolidated Financial Statement.
V. USES OF FUNDS A. Previous year expenditures by line item. B. Planned expenditures by line item C. Description of proposed activities/investments by line item/explanation of change from previously approved plan. D. Reserve balance at beginning of year. Discuss adequacy of reserves.	V. USES OF FUNDS A. Budgeted vs. actual expenditures by line item. B. Narrative/explanation of difference. C. Reserve balance at end of year. Discuss adequacy of reserves.

VI. CAPITAL PLANNING On both an annual and a 5-year basis: <ul style="list-style-type: none"> A. Describe major capital needs and projects (including HOPE VI), estimated costs, and proposed timetables. B. Identify planned expenditures. C. Identify Demolition and Disposition Requests, if planned. D. Homeownership activities, if any. E. Section 202 Conversion Plan Update and description of any other mandatory or voluntary conversion plans. 	VI. CAPITAL PLANNING On both an annual and a 5-year basis: <ul style="list-style-type: none"> A. Identify planned vs. actual expenditures by property. B. Include narrative discussion/explanation of difference
VII. MANAGEMENT INFORMATION FOR OWNED/MANAGED UNITS A. Vacancy Rates <ul style="list-style-type: none"> 1. Vacancy rates by property beginning of period. 2. Narrative: issues and proposed actions. 3. Target rates by property at end of period. 	VII. MANAGEMENT INFORMATION FOR OWNED/MANAGED UNITS A. Vacancy Rates <ul style="list-style-type: none"> 1. Target vs. actual vacancies by property. 2. Narrative/explanation of difference.
B. Rent Collections <ul style="list-style-type: none"> 1. Rents Uncollected (%) beginning of period. 2. Narrative: issues and proposed actions. 3. Target % at end of period. 	B. Rent Collections <ul style="list-style-type: none"> 1. Target vs. actual collections. 2. Narrative/explanation of difference.
C. Work Orders <ul style="list-style-type: none"> 1. Response rates beginning of period: <ul style="list-style-type: none"> % Emergency within 24 hrs % Regular within 30 days 2. Narrative: issues and proposed actions. 3. Target rates at end of period. 	C. Work Orders <ul style="list-style-type: none"> 1. Target vs. actual response rates. 2. Narrative/explanation of difference.
D. Inspections <ul style="list-style-type: none"> 1. Description of inspection strategy. 2. Planned inspections (% this FY). 	D. Inspections <ul style="list-style-type: none"> 1. Planned vs. actual inspections completed. 2. Narrative/discussion of difference. 3. Results of independent PHAS inspections.
E. Security <ul style="list-style-type: none"> 1. Narrative: security issues and proposed actions. 	E. Security <ul style="list-style-type: none"> 1. Narrative: planned vs. actual actions/explanation of difference.
F. Designated Housing	

<p>VIII. MANAGEMENT INFORMATION FOR LEASED HOUSING</p> <p>A. Leasing Information</p> <ol style="list-style-type: none"> 1. Units under lease (%) beginning of period. 2. Target lease up rate at end of period. 3. Plans regarding: <ul style="list-style-type: none"> § Ensuring rent reasonableness. § Expanding housing opportunities. § Deconcentration of low-income families. 4. Issues and proposed actions. 	<p>VIII. MANAGEMENT INFORMATION FOR LEASED HOUSING</p> <p>A. Leasing Information</p> <ol style="list-style-type: none"> 1. Target vs. actual lease ups at end of period. 2. Information and Certification of Data on Leased Housing Management, including: <ul style="list-style-type: none"> § Ensuring rent reasonableness. § Expanding housing opportunities. § Deconcentration of low-income families. 3. Narrative/explanation of differences.
<p>B. Inspection Strategy</p> <ol style="list-style-type: none"> 1. Description of inspection strategy, including: <ol style="list-style-type: none"> a) Planned inspections completed (% this FY) by category: <ul style="list-style-type: none"> - Annual HQS Inspections - Pre-contract HQS Inspections - HQS Quality Control Inspections b) HQS Enforcement 	<p>B. Inspection Strategy</p> <ol style="list-style-type: none"> 1. Results of strategy, including: <ol style="list-style-type: none"> a) Planned vs. actual inspections completed by category: <ul style="list-style-type: none"> - Annual HQS inspections - Pre-contract HQS Inspections - HQS Quality Control Inspections b) HQS Enforcement 2. Narrative/discussion of difference.
<p>IX. RESIDENT PROGRAMS</p> <ol style="list-style-type: none"> 1. Description of activities. 2. Issues and proposed actions. 	<p>IX. RESIDENT PROGRAMS</p> <ol style="list-style-type: none"> 1. Narrative: planned vs. actual actions/ explanation of difference. 2. Results of latest PHAS Resident Survey, or equivalent as determined by HUD.
<p>X. OTHER INFORMATION REQUIRED BY HUD</p> <p>A. Board Resolution</p> <ul style="list-style-type: none"> - Adopting Plan - Certifying that Public Hearing Requirements were met <p>B. Required Certifications and other submissions from which the Agency is not exempted by the MTW Agreement.</p> <p>C. Submissions required for the receipt of funds.</p>	<p>X. OTHER INFORMATION REQUIRED BY HUD</p> <p>A. Results of latest completed 133 Audit, (including program-specific OMB compliance supplement items, as applicable to the HA's Agreement).</p> <p>B. Required Certifications and other submissions from which the Agency is not exempted by the MTW Agreement.</p> <p>C. Submissions required for the receipt of funds.</p>

The following is hereby attached to the MTW Agreement as Attachment B:

**PHA Certifications of Compliance with MTW Plan Requirements
and Related Regulations**

Board Resolution to Accompany the MTW Plan

Note: Items in Italics are those required by MTW Agreement

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the MTW Plan for PHA fiscal year beginning _____, hereinafter referred to as the Plan of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. *The PHA held a public hearing regarding the Plan.*
2. The PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
3. *For PHA Plan that includes a policy for site based waiting lists:*
 - *The PHA regularly submits required data to HUD's MTCS in an accurate, complete and timely manner (as specified in PIH Notice 99-2);*
 - *The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;*
 - *Adoption of site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;*
 - *The PHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;*
 - *The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7.*

4. If the Plan includes an annual submission of rent policies to HUD, the PHA certifies that:

- The PHA Board approves of this policy and has approved the required analysis of the impact of such policies specified in Article I, Section I of the MTW Agreement and
- The PHA is in compliance with all provisions of that section.

5. For an MTW Plan that includes a PHDEP Plan as specified in 24 CFR 761.21: The PHDEP Plan is consistent with and conforms to the "Plan Requirements" and "Grantee Performance Requirements" as specified in 24 CFR 761.21 and 761.23 respectively and the PHA will maintain and have available for review/inspection (at all times), records or documentation of the following:

- Baseline law enforcement services for public housing developments assisted under the PHDEP plan;
- Consortium agreement/s between the PHAs participating in the consortium and a copy of the payment agreement between the consortium and HUD (applicable only to PHAs participating in a consortium as specified under 24 CFR 761.15);
- Partnership agreements (indicating specific leveraged support) with agencies/organizations providing funding, services or other in-kind resources for PHDEP-funded activities;
- Coordination with other law enforcement efforts;
- Written agreement(s) with local law enforcement agencies (receiving any PHDEP funds); and
- All crime statistics and other relevant data (including Part I and specified Part II crimes) that establish need for the public housing sites assisted under the PHDEP Plan.

6. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.

7. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.

8. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

9. The PHA has submitted with the Plan a certification with regard to a drug free workplace required by CFR Part 24, Subpart F.
10. The PHA has submitted with the Plan a certification with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.
11. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
12. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
13. The PHA will provide HUD or the responsible entity any documentation that the Department needs to carry out its review under the National Environmental Policy Act and other related authorities. In accordance with 24 CFR Part 58.
14. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
15. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
16. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
17. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.).

18. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and the MTW Agreement executed by the PHA and HUD and will utilize funds made available under the Capital Fund, Operating Fund and Section 8 tenant-based assistance only for activities that are allowable under applicable regulations as modified by the MTW Agreement and included in its Plan.

PHA Name

PHA Number

Signed/Dated by PHA Board Chair or other authorized PHA official

Except as expressly provided in this Amendment No.1, every term and condition contained in the MTW Agreement shall continue to apply with the same force and effect as if it were fully set forth herein, with such corrections, variations and modifications thereof as may be appropriate to make the same conform to this Amendment No. 1.

This amendment is effective upon execution by HUD.

CHICAGO HOUSING AUTHORITY

By: [Signature]

Its Executive Director: _____

Date of Execution by Agency: 1-18-01

UNITED STATES DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

By: [Signature]

Its Assistant Secretary: _____

Date of Execution by HUD: 1/17/00

Cert: X A
Max STEER
[Signature]

Amendment No. 2 to CHA's Moving to Work Agreement

This Amendment No. 2 to the "Memorandum of Approval, Resident Protection Agreement, Moving to Work Agreement", dated February 6, 2000 ("the MTW Agreement"), is entered into by and between the U.S. Department of Housing and Urban Development ("HUD") and the Chicago Housing Authority ("CHA"). Reference is made to Amendment No. 1 to CHA's Moving To Work Agreement, dated January 17, 2001 ("Amendment No. 1"). Reference also is made to CHA's Plan for Transformation, as described in the MTW Agreement.

Amendment No. 1 states that to ensure that adequate relocation and replacement resources are available to CHA residents, HUD will provide a Section 8 voucher, subject to Congressional appropriations, for each public housing unit disposed of or demolished. Additionally, the Amendment confirms that HUD and CHA have reviewed and reconciled their respective records to arrive at a baseline for the award of additional Section 8 relocation and replacement vouchers under the MTW Agreement. As part of the reconciliation process, CHA produced a chart (which was attached to Amendment No. 1 as Appendix A) summarizing to the best of its ability the allocation of these previously issued Section 8 vouchers. HUD and CHA determined that CHA will require 13,230 vouchers in addition to the 7,527 vouchers awarded in 1995-96 to complete the Plan for Transformation as it is currently formulated. The Amendment also provided that if CHA fails to demolish a total of 20,757 units beginning in 1995 and as contemplated under the Plan for Transformation, the number of vouchers to which CHA is entitled will be reduced accordingly. It further provided that these vouchers will be included in the annual subsidy available to CHA in the year after CHA's demolitions occur, until the total number of 13,230 vouchers has been made available (assuming that CHA demolishes a total of 20,757 units).

By letter of February 28, 2001, CHA requested 5,232 vouchers for units demolished between 1995-1999, as well as for units demolished in fiscal year 2000. In response to this request, HUD awarded 1,608 vouchers to CHA by letter of June 28, 2001 for units demolished in fiscal year 2000. In order to settle the number of vouchers to which CHA is entitled for fiscal year 2000, and to avoid any confusion in the future over the number and timing of vouchers to be awarded to CHA by HUD under the MTW Agreement and the Plan for Transformation, CHA and HUD hereby agree as follows:

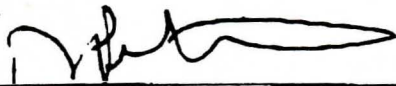
- (1) For CHA fiscal year 2000 (ending December 31, 2000), HUD will provide CHA with a total of 4,232 vouchers in two awards: (1) 1,608 vouchers, which have been awarded to CHA by HUD's June 28, 2001 letter; and (2) an additional 2,624 vouchers, which will be awarded to CHA within 30 days of the execution of this Amendment.
- (2) Including the 4,232 vouchers described in paragraph (1), above, HUD will have received a request for or awarded CHA a total of 11,759 relocation and replacement vouchers (7,527 vouchers in 1995-1996 and 4,232 vouchers in 2001 (including 2,624 requested in 2001, but not yet awarded). CHA will require an additional 8,998 vouchers to complete the Plan for Transformation (provided that CHA demolishes a total of 20,757 public housing units). As described above, for purposes of the MTW Agreement, as amended, the total number of 20,757 vouchers to be awarded to CHA consists of both replacement vouchers and relocation vouchers. In fiscal year 2002 and thereafter, such vouchers will be made available to CHA in the CHA fiscal year after the CHA fiscal year during which CHA's demolitions occur, until the total number of 8,998 additional vouchers have been made available. Thus, CHA will be awarded vouchers for units demolished during CHA fiscal year 2001 (and an additional 1,000 vouchers as described in paragraph (3), below) concurrent with the issuance of the HUD notice announcing the availability of vouchers that may be used for relocation and replacement purposes by housing authorities from the Federal fiscal year 2002 appropriation. For purposes of awarding such vouchers, CHA's fiscal year (which begins on January 1st of a given calendar year), rather than the Federal fiscal year, will be used. As provided in Amendment No. 1, "(a)ll such Section 8 vouchers will be eligible for inclusion in the MTW block grant upon receipt by CHA".

- (3) In CHA fiscal year 2002 only, HUD will award vouchers to CHA for all units that were demolished in CHA fiscal year 2001 plus an additional 1,000 vouchers (all of which will be included in the total of 8,998 vouchers described in paragraph (2) above).
- (4) Each quarter, CHA will complete and submit to HUD unit removal update forms to report the demolition of units so that HUD has a complete record of the units that have been demolished to date. Units shall be reported as demolished when actual structural demolition of the building containing such units begins, subject to on-site verification by the local HUD office, and as of the date reported by CHA.

Except as provided in this Amendment No. 2, every term and condition contained in the MTW Agreement, as amended by Amendment No. 1, shall continue to apply with the same force and effect as if it were fully set forth herein.

This amendment is effective upon execution by HUD.

CHICAGO HOUSING AUTHORITY

By: 
Terry Peterson, Chief Executive Officer

Date of Execution by CHA: 3/20/02

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: 
Michael Liu

Its: Assistant Secretary for Public and Indian Housing

Date of Execution by HUD: 4/08/02

Amendment No. 3 to CHA's Moving to Work Agreement

This Amendment No. 3 to the "Memorandum of Approval, Resident Protection Agreement, Moving to Work Agreement", dated February 6, 2000 ("the MTW Agreement"), is entered into by and between the U.S. Department of Housing and Urban Development ("HUD") and the Chicago Housing Authority ("CHA"). This Amendment confirms and reiterates the letter agreement between HUD and the CHA signed in December, 2002.

This Amendment will enable the CHA to use Section 8 vouchers to provide funding, in conjunction with other City of Chicago agencies, for transitional housing for non-leaseholders currently residing in Chicago Housing Authority ("CHA") buildings. The U.S. Department of Housing and Urban Development ("HUD") understands the need to relocate non-leaseholders currently occupying units slated for demolition. HUD shares CHA's concerns regarding the welfare of these families and the fact that demolition cannot proceed until these families are relocated.

In order to address this non-leaseholder issue, HUD and CHA hereby agree as follows:

- Up to \$2 million out of CHA's \$32,126,184 existing project reserves, provided under Amendment No. 1 to the Moving to Work Agreement in calendar year 2001 for the on-going Section 8 Voucher program, will be available as Section 8 administrative fee reserve as of the date of receipt of said funds.
- HUD, pursuant to its authority under section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996, hereby waives the calculation of the administrative fee under § 8(q)(1)(C) of the United States Housing Act of 1937 and its implementing regulations at 24 CFR 982.152 (b)(1) and the timing requirements for calculation of the administrative fee reserve under 24 CFR 982.155.

CHA understands that this Amendment is provided to specifically address CHA's need to move the non-leaseholders and should not be considered as a precedent for future actions thus making this waiver a one time only waiver of the United States Housing Act of 1937.

Except as provided in this Amendment, every term and condition contained in the Memorandum of Approval, Resident Protection Agreement, Moving to Work Agreement dated February 6, 2000, by and between the U.S. Department of Housing and Urban Development and the Chicago Housing Authority, as amended, ("the MTW Agreement"), shall continue to apply with the same force and effect as if it were fully set forth herein.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: _____
Michael Liu, Assistant Secretary
Office of Public and Indian Housing

Date of Execution by HUD: _____

CHICAGO HOUSING AUTHORITY

By: _____
Terry Peterson
Chief Executive Officer

Date of Execution by CHA: _____



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

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

DEC 20 2002

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

Re: Request to Convert Section 8 Vouchers for Non-Leaseholder Residents

Dear Mr. Peterson:

This letter responds to your June 6, 2002 letter requesting the ability to use Section 8 vouchers to provide funding, in conjunction with other City of Chicago agencies, for transitional housing for non-leaseholders currently residing in Chicago Housing Authority ("CHA") buildings. The U.S. Department of Housing and Urban Development ("HUD") understands the need to relocate non-leaseholders currently occupying public housing units slated for demolition. HUD shares CHA's concerns regarding the welfare of these families and the fact that demolition cannot proceed until these families are relocated.

In order to address this non-leaseholder issue, HUD and CHA hereby agree as follows:

- Up to \$2 million out of CHA's \$32,126,184 existing project reserves, provided under Amendment No. 1 to the Moving to Work Agreement in calendar year 2001 for the ongoing Section 8 Voucher program, will be available as Section 8 administrative fee reserve as of the date of receipt of said funds.
- HUD, pursuant to its authority under section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996, hereby waives the calculation of the administrative fee under § 8(q)(1)(C) of the United States Housing Act of 1937 and its implementing regulations at 24 CFR 982.152 (b)(1) and the timing requirements for calculation of the administrative fee reserve under 24 CFR 982.155.

CHA understands that this agreement is provided to specifically address CHA's need to move the non-leaseholders and should not be considered as a precedent for future actions thus making this waiver a one time only waiver of the United States Housing Act of 1937.

Except as provided in this letter agreement, every term and condition contained in the Memorandum of Approval, Resident Protection Agreement, Moving to Work Agreement dated February 6, 2000, by and between the U.S. Department of Housing and Urban Development and the Chicago Housing Authority, as amended, ("the MTW Agreement"), shall continue to apply with the same force and effect as if it were fully set forth herein. The signing of this letter by HUD constitutes an Amendment to the MTW Agreement (hereafter referred to as Amendment Number 3). Furthermore, HUD hereby waives all the processing and resident notification provisions under Article II, Section A of said Agreement, despite CHA's indications that it intends to comply with said provisions subsequent to the signing of this Amendment.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: Michael Liu
Michael Liu, Assistant Secretary
Office of Public and Indian Housing

Date of Execution by HUD: 12/19/02

Please acknowledge your acceptance of the terms and conditions of this letter below.

CHICAGO HOUSING AUTHORITY

By: _____
Terry Peterson
Chief Executive Officer

Date of Execution by CHA: _____



ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

SEP 16 2004

Terry Peterson
Chief Executive Officer
Chicago Housing Authority
626 West Jackson Boulevard
Chicago, IL 60661

Dear Mr. Peterson:

This letter responds to your August 20, 2003 letter to Deputy Assistant Secretary Milan Ozdinec requesting a modification of Chicago Housing Authority's (CHA) Moving to Work agreement with the Department. CHA is requesting a change in the formula for calculating subsidy for a portion of the Housing Choice Vouchers reserved for CHA. This letter also responds to your April 28, 2004 letter requesting the award of 2,794 Housing Choice Voucher units to replace units that CHA either disposed of or demolished in 2003.

Under CHA's Moving to Work agreement, the Department calculates CHA's allocation of Housing Choice Voucher funding in accordance with a formula that is tied to a base year per unit cost (set in 2001) and increased by the applicable Annual Adjustment Factor (AAF) each year. On April 28, 2004 CHA submitted Housing Assistance Payment (HAP) data to the Office of Public and Indian Housing (PIH) to validate that its per unit cost had increased substantially. PIH has analyzed the data and agrees that the average HAP cost for the months of May, June and July of 2003 was \$712 per unit per month. The validated HAP cost exceeded the per unit cost calculated under CHA's Moving to Work agreement.

Based on the fact that CHA's actual per unit costs exceed the per unit costs allocated to it under the MTW agreement, I am attaching an amendment to CHA's Moving to Work agreement to effectuate the requested change. The amendment implements the following changes:

1. It provides that HUD will allocate funding for a designated portion of the Housing Choice Voucher units reserved for CHA pursuant to the method of calculating Annual Contribution Contract (ACC) renewal funding established in the Department's legislative authorization and/or appropriations that applies to non-MTW public housing authorities. This year the Department's 2004 appropriation implemented a method of calculating ACC renewal funding that consists of determining a PHA's per unit cost based on the HAP amount that was to be reported to the Department in August of 2003 (reflecting an average of the May, June and July, 2003 HAP amounts) and then multiplying that average per unit cost by the AAF that applies to the PHA. Alternatively, if the May - July average HAP is not available, the Department is to use the PHA's most recent year end statement as the basis for calculation. The designated portion to be subject to the normal method of calculating ACC

www.hud.gov

espanol@hud.gov

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FROM CHICAGO HOUSING AUTHORITY 312 726 6418 (WED) JUL 27 2005 12:32/ST.12:21/NO.6860046203 P 36

renewal funding shall be titled "HAP MTW Housing Choice Voucher" units. The remainder of CHA's units that are to be funded pursuant to the previously established formula for funding Housing Choice Voucher Units shall be titled "Block Grant MTW Housing Choice Voucher" units. It should be noted that Congress has adjusted the formula for calculating renewal funding frequently in recent years. If Congress again changes the formula for calculating renewal funding in future years, the Department will calculate renewal funding for the HAP MTW Housing Choice Voucher units in accordance with such future changes. In the current year (beginning in January, 2004), the per unit cost for the HAP MTW Housing Choice Voucher units is \$729.80 and the per unit cost for the Block Grant MTW Housing Choice Voucher units is \$709.72.

2. CHA has requested that the Department compensate CHA for the Housing Choice Voucher cost it incurred in excess of the renewal funds provided pursuant to the existing MTW formula during a portion of 2003. The enclosed amendment provides that the Department restore the funds that CHA drew down from its reserve account to offset the higher per unit HAP cost incurred by CHA during the period July 1, 2003 through December 31, 2003: CHA requested the retroactive adjustment in an August 20, 2003 letter and the Department agreed to CHA's proposal with respect to the July-December time period. The reserve restoration amount is calculated based on leasing data provided to the Department for the July through December 2003 time period. The reserve restoration therefore assumes that the reported leased units will be considered HAP MTW Housing Choice Voucher units for the July through December 2003 time period. The Department is permitted to restore reserves because the Department's 2003 appropriation permitted restoration of reserves from a central reserve for depletion of reserves caused by "a significant increase in the per unit cost of vouchers." The Department has determined that CHA experienced a significant increase in the per unit cost of vouchers and that it is therefore appropriate to restore the reserves depleted between July and December of 2003.
3. For Fiscal Year 2004, the Department will consider 34,211 units HAP MTW Housing Choice Voucher units.
4. CHA will submit to the Department a formal written election describing how many units will be designated HAP MTW Housing Choice Voucher units as opposed to Block Grant Housing Choice Voucher units each year. CHA is to submit the election to the Department at the same time that it submits its annual plan.
5. CHA will have to comply with all of the reporting requirements for the Housing Choice Voucher Program with respect to its HAP MTW Housing Choice Voucher inventory each year. This includes (but is not limited to) the requirements for submission of year-end settlement statements, as well as the quarterly submission of 52681B forms. CHA is required to accurately and completely report in the Public Housing Information Center (PIC) system 50058 module with respect to its Housing Choice Voucher program.

In addition to addressing the issues raised in CHA's August 20, 2003 letter, I am also addressing CHA's April 28, 2004 request for 2,794 replacement units. CHA's April 28, 2004 letter requests 2,794 replacement units. The Department will award 2,794 Housing Choice Vouchers to CHA in accordance with the requirement that the Department award a Housing Choice Voucher for

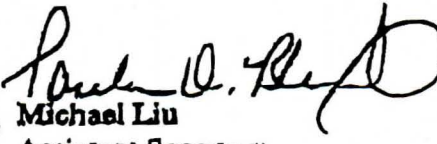
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FROM CHICAGO HOUSING AUTHORITY 312 726 6418 (WED) JUL 27 2005 12:32/ST.12:21/NO.6360046203 P 37

each unit demolished or disposed. Pursuant to Amendment 2 of CHA's MTW Agreement such an award would be made during the course of the year following the structural demolition of CHA units. The Department will establish the effective date for the award of the units in the beginning of January, 2004. I am assuming given that all of the 2,794 units demolished in 2003 were vacant that these units are to be treated as Block Grant MTW Housing Choice Voucher units rather than HAP MTW Housing Choice Voucher units.

I look forward to continuing to work with the CHA as it implements its plan for transformation. If you have questions about this letter, please call Milan Ozdinec at (202) 401-8812. Thank you for your inquiry.

Sincerely,

for 
Michael Liu
Assistant Secretary

10/25/04 MON 01:52 [TX/RX NO 8507] 2004

FROM CHICAGO HOUSING AUTHORITY 312 726 6418 (WED) JUL 27 2005 12:32/ST. 12:21/NO. 6360046203 P 38

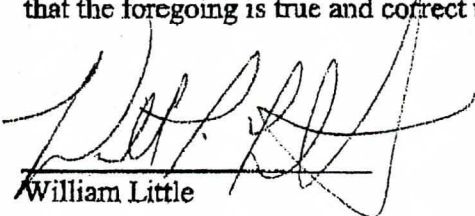
Exhibit B

DECLARATION OF WILLIAM LITTLE

I, William Little, state the following to be true under penalty of perjury of the laws of the United States, to the best of my knowledge and belief:

1. I am the Managing Director of Development at the Chicago Housing Authority ("the CHA").
2. On February 6, 2000, the CHA and HUD entered into an agreement entitled *Memorandum of Approval, Resident Protection Agreement, Moving to Work Agreement* ("MTW Agreement"), which has been amended from time to time.
3. One of the purposes of this agreement was to facilitate and streamline implementation of the CHA's Plan for Transformation, which applies to all mixed-income developments, including Lake Park Crescent.
4. Development of Lake Park Crescent has been funded in part by HUD monies.
5. The closing documents in the Lake Park Crescent Development Agreement and related documents all are based on compliance with the June 3, 1996 Order of the Court in *Gautreaux* that one-half of the 150 Lakefront and Drexel units for public housing families be reserved for families with incomes between 50-80% of the Chicago area median.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge and belief.


William LittleDated: August 18, 2005

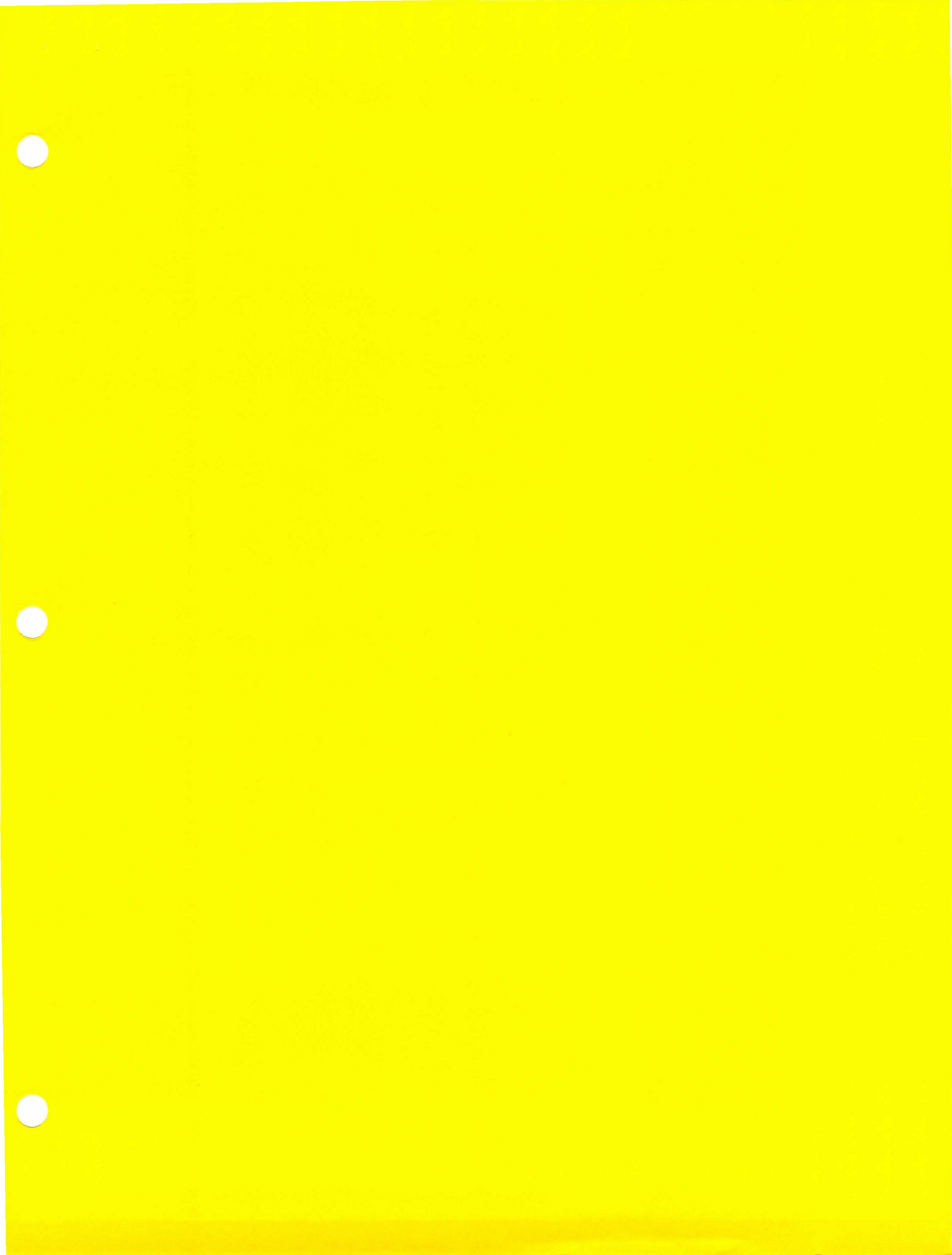


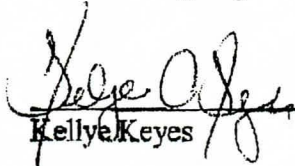
Exhibit C

DECLARATION OF KELLYE KEYES

I, Kellye Keyes, state the following to be true under penalty of perjury of the laws of the United States, to the best of my knowledge and belief:

1. I am the Director, Management Analysis & Planning at the Chicago Housing Authority ("the CHA").
2. The MTW Agreement allows the CHA to deviate from the reporting requirements in 24 C.F.R. §903.2 and to report to the U.S. Department of Housing and Urban Development ("HUD") as required by the terms of the *Moving to Work Agreement*.
3. The CHA and HUD have discussed and agreed on reporting requirements required by HUD. HUD has approved the CHA's MTW Annual Plan and Annual Report each year since February 2000, including most recently, the 2004 Annual Report.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge and belief.



Kellye Keyes

Dated: 8/17/05

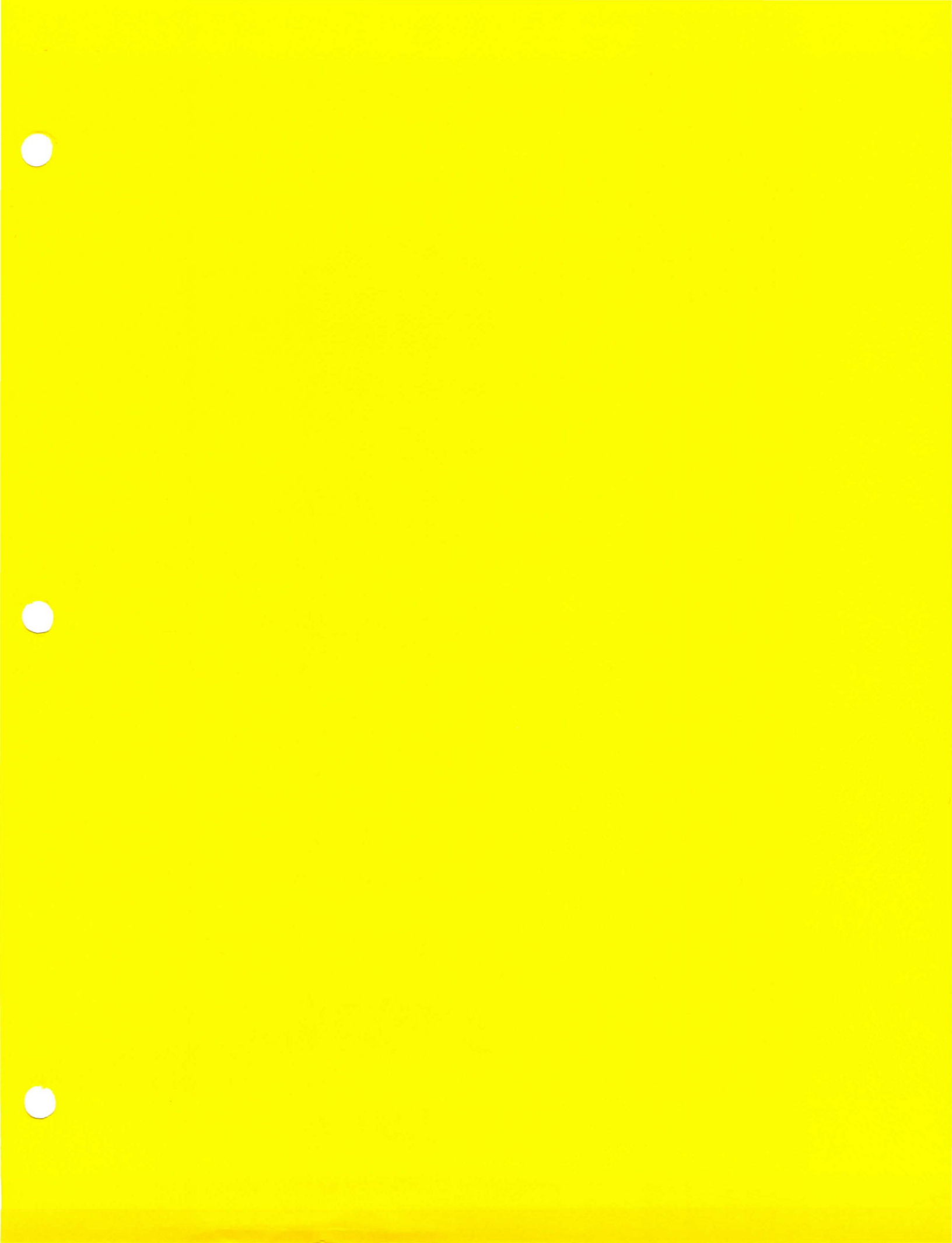


Exhibit D

FY2005 ANNUAL PLAN

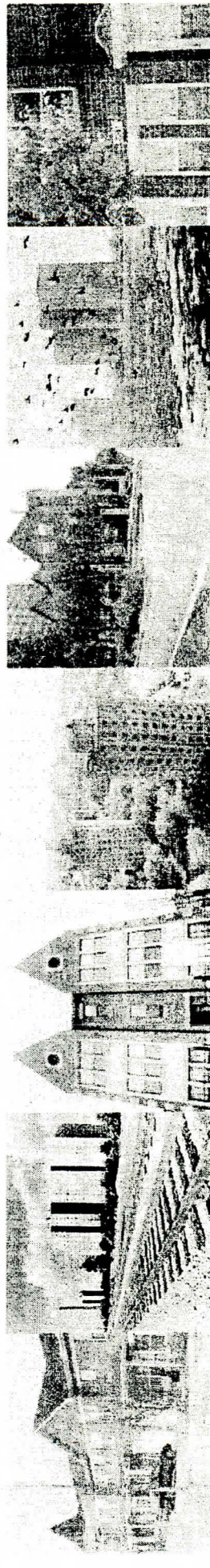
PLAN FOR TRANSFORMATION YEAR 6

November 1, 2004

CHANGE.

CHICAGO HOUSING AUTHORITY

DO YOU HAVE A VISION FOR CHANGE?



1. Conversion Plan Update
2. Crosswalk
3. Deconcentration
4. Public Housing Stock and Demographic Information
5. Public Housing Wait List Demographic Information
6. Public Housing Occupancy by Development
7. Housing Choice Voucher (HCV) Program and Wait List Demographic Information
8. Proposed Demolition Schedule
9. Proposed Non-Dwelling Structure Demolition
10. Proposed Disposition
11. Estimated Capital Expenditures (By Development and Fund)
12. Public Housing Five-Year Capital Fund Program
13. Senior Designated Housing Plan Update
14. Public Comments
15. Certifications
16. Submissions Required for the Receipt of Funds

APPENDICES

DO YOU HAVE A VISION FOR CHANGE?

APPENDIX 15: CERTIFICATIONS

CHA Certifications of Compliance with MTW Plan Requirements and Related Regulations

Board Resolution to Accompany the MTW Plan

Note: Items in Italics are those required by the MTW Agreement

Acting on behalf of the Board of Commissioners of the Chicago Housing Authority (CHA), as its Chairperson, I approve the submission of the MTW Plan for the CHA fiscal year beginning 2005, (hereinafter referred to as the "Plan" (of which this document is a part)) and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and the implementation thereof:

1. *The CHA held a public hearing regarding the Plan.*
2. The CHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act of 1990.
3. *With respect to the CHA's policy for site-based waiting lists, the CHA certifies that:*
 - *The CHA regularly submits required data to HUD's MTCS in an accurate, complete and timely manner (as specified in PIH Notice 99-2);*
 - *The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;*
 - *Adoption of site-based waiting lists would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;*
 - *The CHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;*
 - *The CHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR 903.7.*
4. *If the Plan includes an annual submission of rent policies to HUD, the CHA certifies that:*
 - *The CHA Board approves of this policy and has approved the required analysis of the impact of such policy specified in Article I, Section I of the MTW Agreement and*
 - *The CHA is in compliance with all provisions of that section.*

5. The CHA PHDEP Plan is consistent with and conforms to the "Plan Requirements" and "Grantee Performance Requirements" as specified in 24 CFR 761.21 and 761.23 respectively and the CHA will maintain and have available for review/inspection (at all times) records or documentation of the following:

- Baseline law enforcement services for public housing developments assisted under the PHDEP plan;
- Partnership agreements(indicating specific leveraged support) with agencies/organizations providing funding, services or other in-kind resources for PHDEP-funded activities;
- Coordination with other law enforcement efforts;
- Written agreement(s) with local law enforcement agencies (receiving any PHDEP funds); and
- All crime statistics and other relevant data (including Part I and specified Part II crimes) that establish need for the public housing sites assisted under the PHDEP Plan.

6. The CHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.

7. The CHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.

8. The CHA will comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Person, and with its implementing regulations at 24 CFR Part 135.

9. The CHA has submitted with the Plan a certification with regard to a drug free workplace required by CFR Part 24, Subpart F.

10. The CHA has submitted with the Plan a certification with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.

11. The CHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

12. The CHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).

13. The CHA will provide HUD or the responsible entity any documentation that the Department needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58.
14. With respect to public housing, the CHA will comply with Davis- Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
15. The CHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
16. The CHA will comply with the Lead- Base Paint Poisoning Prevention Act and 24 CFR Part 35.
17. The CHA will comply with the policies, guidelines, and requirements of OMB Circular No.A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
18. *The CHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and the MTW Agreement executed by the CHA and HUD and will utilize funds made available under the Capital Fund, Operation Fund and Section 8 tenant-based assistance only for activities that are allowable under applicable regulations as modified by the MTW Agreement and included in its Plan.*

Chicago Housing Authority
PHA Name

IL002
PHA Number

Sharon East-Gibson 10/26/04
Signed/Dated by CHA Board Chair

**Certification of Payments
to Influence Federal Transactions**

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Applicant Name

Chicago Housing Authority

Program/Activity Receiving Federal Grant Funding

Public Housing/Housing Choice Voucher Programs

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

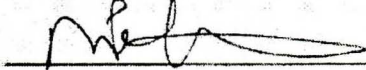
Name of Authorized Official

Terry Peterson

Title

Chief Executive Officer

Signature



Date (mm/dd/yyyy)

10/27/2004

Previous edition is obsolete

Form HUD 50671 (2-99)
ref. Handbooks 7417.1, 7475.13, 7485.1, & 7485.2

**Certification for
a Drug-Free Workplace**

U.S. Department of Housing
and Urban Development

CHICAGO HOUSING AUTHORITY

Applicant Name

Program/Activity Receiving Federal Grant Funding

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

- (1) The dangers of drug abuse in the workplace;
- (2) The Applicant's policy of maintaining a drug-free workplace;
- (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
- (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. **Sites for Work Performance.** The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above. Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Check here ☐ if there are workplaces on file that are not identified on the attached sheets

I hereby certify that all the information stated herein, as well as any information provided in the accompanying herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.
(18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802)

Name of Authorized Official

Signature

Gustafson

Title

Date

Director - Human Resources
10.06.04

Form HUD-50070 (Rev. 8/98)
ref. Handbooks 7417.1, 7475.10, 7455, 1 & 2

Sites that house CHA employees.

1. 600 West Jackson Blvd.
2. 626 West Jackson Blvd.
3. 4700 South State St.
4. 4859 South Wabash Ave.
5. 500 East 37th
6. 35 South Paulina
7. 200 West Adams St.
8. 2325 South Federal
9. 591 East 37th

3.12 Violence in the Workplace

The CHA has "Zero Tolerance" for Violence In The Workplace. Fighting, harassment, provoking, threats, intimidation or inciting another employee to engage in such conduct are unacceptable. Employees who violate this Policy are subject to discipline and discharge. Employees who experience violence, including, but not limited to, a threat, fighting, harassment or intimidating behavior from any source (or who witness same), must report it immediately to the Managing Director and/or Department Director.

3.13 Drug and Alcohol Policy

The CHA is a Drug Free Work Place and its Policy on drug and alcohol use is one of "Zero Tolerance." Employees must not appear for work with the presence of alcohol or under the influence of alcohol or illegal non-prescribed drugs in their systems. Employees are prohibited from possessing alcohol or illegal non-prescription drugs. Employees who take prescribed drugs that affect their cognitive abilities should not report to work and should use appropriate leaves. (See Sections 2.6 and 2.7) Employees who violate this Policy will be terminated.

Employees are required to participate in drug and alcohol testing at a CHA designated testing facilities in the following circumstances:

1. Upon CHA's making a conditional offer of employment.
2. Upon re-employment or return from any period of continuous absence of thirty- (30) calendar days or more.
3. In instances where the employee has been involved in an automobile accident during the course of employment, regardless of whether the automobile is a CHA vehicle or the employee's vehicle and regardless of whether the employee is injured, the employee must submit to a medical evaluation which includes drug and alcohol testing as immediately after the accident as practical under the particular circumstances, but in no event later than twenty-four (24) hours after the accident.
4. In instances where the employee has suffered an alleged accident, regardless of whether the employee is injured or not, the employee must submit to a medical evaluation which includes drug and alcohol testing immediately after the accident or as soon as practical under the particular circumstances, but in no event later than twenty-four (24) hours after the accident.
5. In instances where the employee's supervisor has a reasonable suspicion that, the employee is at work under the influence of drugs and/or alcohol.

Employees who occupy safety sensitive positions will be subject to random or periodic drug testing.

CHA drug and alcohol testing vendors are N.I.D.A. accredited. Drug and alcohol test results are confidential and are not disclosed to third parties by the CHA, except upon express written authorization of the employee or as required by law. Employees who submit to drug and alcohol testing described above and whose test results show a positive result will be terminated. Employees who refuse to cooperate in the testing process will be terminated. Employees whose test results are positive may elect to have the sample re-tested at a different N.I.D.A. accredited laboratory at the employee's cost. Arrangements for re-testing must be made through the Director of Human Resources.

3.14 Drug Related Convictions

Employees who are convicted of a drug-related offense are subject to termination.

3.15 Fleet Policy

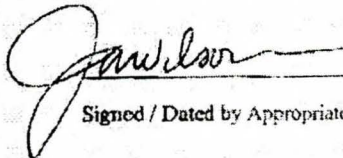
(a) Use of CHA or Personal Vehicles in the Course of Employment

CHA employees may be allowed to use CHA vehicles or their personal vehicles in connection with their employment, depending upon the nature of their job responsibilities and in accordance with the CHA Fleet Policy. Employees must obtain approval for a CHA vehicle or personal vehicle use in the course of employment through their Department Director and the Risk Management Department. Approval of such requests is discretionary. Where such vehicle use has been approved, the employee must do the following:

- 1) Provide the Risk Management Department with a photocopy of the employee's current valid driver's license/insurance card and ensure that Risk Management is advised of any changes in the status of the license and insurance.
 - 2) In the case of employees who use their personal vehicles, maintain automobile property and liability coverage on the automobile consistent with the requirements imposed by Illinois law and in accordance with the CHA Fleet Policy.
 - 3) Employees are to complete all required documentation and forms necessary to comply with Policy 3.15.
- (b) Twenty-Four Hour Vehicle Assignments

**Certification by State or Local Official of PHA Plans Consistency with
the Consolidated Plan**

I, Jarrese A. Wilson the Managing Deputy Budget Dir. certify
that the Five Year and Annual PHA Plan of the Chicago Housing Authority is
consistent with the Consolidated Plan of City of Chicago prepared
pursuant to 24 CFR Part 91.

 10/15/04
Signed / Dated by Appropriate State or Local Official

Certification by State and Local Official of PHA Plans Consistency with the Consolidated Plan to Accompany the HUD 56075
OMB Approval No. 2577-0226
Expires 03/31/2002
(7/99)
Page 1 of 1

CHANGE.

CHICAGO HOUSING AUTHORITY

September 27, 2004

ITEM NO. B4

APPROVAL OF THE FY2005 ANNUAL PLAN – PLAN FOR TRANSFORMATION YEAR 6

To the Honorable Board of Commissioners

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached FY2005 Annual Plan – Plan for Transformation Year 6 (FY2005 Annual Plan) and that the Board of Commissioners Chairperson sign the PHA Certification of Compliance with Plan Requirements and Related Regulations.

EXPLANATION

On January 6, 2000, the Chicago Housing Authority (CHA) Board of Commissioners approved the Plan for Transformation, which called for sweeping changes in the administration and operation of the CHA. The Plan for Transformation was approved by the U.S. Department of Housing and Urban Development (HUD) and incorporated into a Moving to Work (MTW) Agreement, executed on February 6, 2000. The agreement was subsequently amended in February 2001, requiring the CHA to submit an annual plan to HUD no less than 60 days prior to the beginning of CHA's fiscal year. The attached document represents the CHA's FY2005 Annual Plan.

When the Plan for Transformation is complete, the CHA will have redeveloped or revitalized 25,000 public housing units and supported public housing residents in a move toward economic and social self-sufficiency. The FY2005 Annual Plan outlines the steps that the CHA will take during FY2005 to achieve the original goals and commitments set forth in the Plan for Transformation.

To ensure community and resident input on the FY2005 Annual Plan, the CHA held a public comment period from September 14, 2004 to October 13, 2004. A public hearing was held on September 30, 2004 at the Harold Washington Library Auditorium. The CHA has reviewed and responded to public comments, which will be included in the FY2005 Annual Plan for submission to HUD.

To this end, the CHA has complied with the requirements of the MTW Agreement and HUD regulations. The CHA requests that the Board of Commissioners attest to the compliance by approving the FY2005 Annual Plan and authorizing the Board Chairperson to sign the PHA Certification of Compliance with MTW Plan Requirements and Related Regulations that will be submitted to HUD by November 1, 2004.

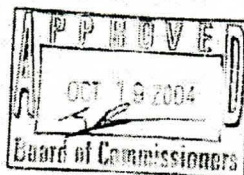
626 West Jackson Boulevard • Chicago, Illinois 60601-5601 • (312) 742-8500 • www.tdcha.org

RESOLUTION NO. 2004-CHA-133

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated September 27, 2004 requesting approval of the FY2005 Annual Plan - Plan for Transformation Year 6 and that the Board of Commissioners Chairperson sign the PHA Certification of Compliance with MTW Plan Requirements and Related Regulations, attached hereto

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners approve the attached the FY2005 Annual Plan - Plan for Transformation Year 6 and that the Board of Commissioners Chairperson sign the PHA Certification of Compliance with MTW Plan Requirements and Related Regulations, and grant authorization to submit these documents to the U.S. Department of Housing and Urban Development.



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

RECEIVED

AUG 18 2005

No. 66 C 1459 JUDGE MARVIN E. ASPEN
No. 66 C 1460 UNITED STATES DISTRICT COURT

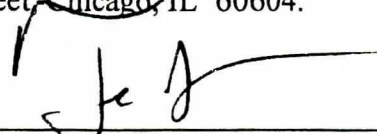
DOROTHY GAUTREAUX, et al.,)
Plaintiffs,)
)
-vs-)
)
CHICAGO HOUSING AUTHORITY, et al.,)
Defendants.)

Hon. Marvin E. Aspen

NOTICE OF FILING

TO: SEE ATTACHED SERVICE LIST

PLEASE TAKE NOTICE that on **August 18, 2005**, I filed **THE CHICAGO HOUSING AUTHORITY'S RESPONSE TO: (1) THE CENTRAL ADVISORY COUNCIL'S MOTION FOR CLARIFICATION OF THE COURT'S JULY 14, 2005 ORDER; and (2) THE CENTRAL ADVISORY COUNCIL'S MOTION TO AMEND THE COURT'S JULY 27, 2005 ORDER** with the Clerk of the United States District Court for the Northern District of Illinois, Eastern Division, 219 S. Dearborn Street, Chicago, IL 60604.


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CERTIFICATE OF SERVICE

Thomas E. Johnson, an attorney, hereby certifies that a copy of this Notice and attached **RESPONSE** was served upon the parties on the attached Service List, by first-class, U.S. Mail, on August 18, 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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