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

DOROTHY GAUTREAUX, et al.,) Docket No. 66 C 1459
)
Plaintiffs,)
) Chicago, Illinois
vs.) July 23, 2009
) 10:30 o'clock a.m.
CHICAGO HOUSING AUTHORITY,)
et al.,)
)
Defendants.)

TRANSCRIPT OF PROCEEDINGS - Motion Hearing
BEFORE THE HONORABLE MARVIN E. ASPEN

APPEARANCES:
For the Plaintiffs: BUSINESS & PROFESSIONAL PEOPLE FOR
 THE PUBLIC INTEREST
 BY: MR. ALEXANDER L. POLIKOFF
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For Defendant Habitat: MILLER, SHAKMAN & BEEM, LLP
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Also Present:

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CHICAGO HOUSING AUTHORITY

BY: MR. SCOTT AMMARRELL

60 East Van Buren Street

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Mr. Lawrence Grisham,

Senior VP, The Habitat Company

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Ms. Whitney Weller,

Brinshore-Michaels Development

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1 (The following proceedings were had in open court:)

2 COURTROOM DEPUTY: 66 C 1459, Gautreaux versus CHA,
3 et al.

4 MR. POLIKOFF: Good morning, your Honor. Alexander
5 Polikoff for the plaintiffs.

6 THE COURT: I have one unopposed motion and a joint
7 motion.

8 MR. JOHNSON: Yes, Judge. Tom Johnson --

9 THE COURT: I'm sorry. I should let you introduce
10 yourselves.

11 MR. JOHNSON: Tom Johnson on behalf of the CHA. And
12 I want to introduce Scott Ammarell who is the General Counsel
13 of the CHA --

14 MR. AMMARELL: Good morning, your Honor.

15 MR. JOHNSON: -- who is here with us this morning.
16 Yes. One of the motions -- I'm sorry.

17 THE COURT: Mr. Feldman.

18 MR. FELDMAN: Yes. Thank you.

19 Edward Feldman on behalf of the Receiver. Also with
20 me in court is Lawrence Grisham, a Senior Vice President of
21 Habitat.

22 THE COURT: Okay. Thank you.

23 I have an unopposed motion and I have a joint motion
24 and you want to argue it so go ahead. Something new every
25 day, right?

1 MR. POLIKOFF: Yes, your Honor.

2 Well, we don't want to take up a lot of your time
3 but this Taylor matter, the Robert Taylor Development has
4 been before you several times before, as I'm sure you'll
5 recall.

6 And as the affidavits and the motion disclose in
7 great detail, it's been a struggle compounded now by the
8 recent economic calamity that settled on the country.

9 The judgment of all of us, however, is that it's
10 best to continue to plow ahead, that leaving vacant land is
11 not conducive to the kind of development that we hope to
12 foresee in the entire Robert Taylor area eventually and we've
13 made a lot of progress in a lot of respects, including the
14 agreement among CHA and the plaintiffs with the developers'
15 undertakings that are a part of the documents before you.

16 On balance -- and this is a judgment of your
17 receiver as well -- we think that even though there are
18 factors for concern that are laid out in the papers, it's
19 best to go forward. The reason we wanted to take your time
20 today was to make sure you understand the pluses and the
21 minuses in this situation.

22 THE COURT: Well, did you revise your book --

23 MR. POLIKOFF: No, your Honor; not planning to do
24 that. I've been waiting for suggestions from you in that
25 regard and haven't received them yet.

1 THE COURT: You will at the end of this session. Go
2 ahead.

3 MR. POLIKOFF: Thank you.

4 THE COURT: I do have something I want to talk to
5 you about.

6 MR. POLIKOFF: That's essentially what I wanted to
7 say.

8 MR. FELDMAN: Judge, I introduced a moment ago
9 Mr. Grisham and he has some boards which are basically
10 blowups of some of the exhibits to the affidavit. I'm
11 basically going to serve as his Sherpa and work the boards
12 and he'll give a brief synopsis of what's in the affidavit
13 and why the receiver supports the motion before the Court.

14 THE COURT: Okay. Do you want me to move down there
15 or --

16 MR. POLIKOFF: No.

17 MR. FELDMAN: We can just set it up so that --

18 MR. GRISHAM: In fact, your Honor, just for
19 convenience, I just made a copy of it so you can follow
20 along.

21 THE COURT: Thank you.

22 MR. GRISHAM: Thank you again, your Honor.

23 Again, I'm going to repeat, the receiver supports
24 the motion and we ask the Court to grant this order regarding
25 Robert Taylor Redevelopment.

1 Let me first present what's gone on before. This
2 board represents the beginning of the Robert Taylor
3 Redevelopment and also gives you an idea of the area. This
4 is State Street coming down right next to MetCalfe Park.
5 MetCalfe Park is a great amenity for the area.

6 This is our first -- our first two off-site
7 developments, Phase C-1 and C-2, which you gave us orders
8 for, and as you can see nicely concentrated in that area so
9 that there's good support. There's also very good private
10 units in that area.

11 A-1, the first on-site phase, was right here and
12 that has been very successful. And Phase A-1 consisted of
13 181 total rental units. Let me -- one more thing I want to
14 point out.

15 A very important part -- it's later on in the
16 affidavit; but here at 39th and State, things are moving
17 forward now for the first full-scale grocery store in this
18 neighborhood, Roundy's, which is actually establishing one of
19 its first stores in the city in this community and that will
20 happen very soon. And this land was set aside by both CHA
21 and the city in order to help make that commercial
22 development happen.

23 Just very shortly, this is again a site of A-1
24 showing the redevelopment of A-1 which started just south of
25 that commercial site going down to Ruth Street.

1 What is before us today is Phase A-2 and Phase A-2
2 starts at 43rd Street, goes down to 45th Street. Again,
3 State over to Federal. I'll get to the unit mix in just a
4 minute. But one of the important things I want to point out
5 is just like in Phase A-1, the developer plans for this site
6 a combined management office community center which we think
7 is very important to adding both property management
8 services, social services and a focal point for the community
9 to come to and that has worked very well in A-1 and we're
10 planning a second one in A-2.

11 In the affidavit since there is a change and in
12 order to point out the change, your Honor, I included both
13 the previous unit mix and the current proposed unit mix for
14 both of the on-site phases, Phase A-1 and A-2. The
15 difference is in the for-sale units. The rental units are
16 essentially the same. The for-sale units, however, from our
17 previous unit mix to our current proposed unit mix reduced by
18 56 for both phases. This reduction was in response to
19 current market conditions and the fact that it has been very
20 difficult to get for-sale in this market.

21 THE COURT: The newspaper article you had a few
22 weeks ago didn't help, I suppose.

23 MR. GRISHAM: It did not help. And, in fact, that
24 newspaper article was the -- really points out one of the, I
25 think, advantages and one of the reasons why we think this is

1 positive going forward. Those statistics were done at the
2 time when the Robert Taylor Buildings were still up on-site.
3 And, in fact, that particular area close to 55th was the site
4 of the most notorious three or four buildings in the entire
5 redevelopment and it was when those buildings were up that
6 those statistics and that data was gathered.

7 Now with all those buildings down, it's made a
8 tremendous difference in terms of the area so -- but, yes,
9 it does not help to have articles like that helping in this
10 area.

11 The developer has been very active for several years
12 attempting to move the for-sale. They were not getting as
13 good a response as they wanted earlier. They since went
14 back, did market studies, identified the types of building
15 types that would be attractive to families who would want to
16 live here. They include single-family homes and two flats
17 and the two flats would be single -- you know, owner where
18 they would either rent out or sell that second flat to family
19 members or something like that. So that -- so the single
20 family and the two flats, they took the condo product out of
21 the equation. The condo product across the city has not been
22 selling very well and so that has been one of the primary
23 reductions in the total amount of homeowner units because
24 that reduced the homeowner density, if you will, on the site
25 using the same sites. We think it's a totally responsible

1 way to address the issue of the for-sale in this area, more
2 attractive. They also lowered. They are lowering -- it
3 allows them to lower the price of the units to a more
4 attractive sales price.

5 Depending upon what happens with the larger market
6 which is still in difficulty, the developer is ready to begin
7 re-marketing the site again this fall and is ready to
8 actually build a model unit to again help sales, so.

9 THE COURT: Interesting. I was just curious. The
10 units that have been occupied, have there been any problems
11 with the people who moved in because of the economic
12 situation here?

13 MR. GRISHAM: Not that I'm aware of. However, I
14 would defer to both the developer -- there is a
15 representative developer here today -- and to CHA who spend
16 more immediate time dealing with issues. However, in
17 meetings I have been in, in conversations I have been in, it
18 has been a very successful redevelopment just having the
19 rental there. I mean, we're very concerned that the home
20 ownership hasn't started yet. But because of the attention
21 paid to the property management, attention paid to the social
22 services, again the fact that the combined management office
23 community centers have become focal points for the
24 redeveloped communities we think have been very positive.

25 MR. JOHNSON: Judge, we have with us Whitney Weller

1 who is from Brinshore and Michaels --

2 MS. WELLER: Good morning.

3 MR. JOHNSON: -- who is the developer actually doing
4 all the work.

5 THE COURT: Yeah. I was concerned about people who
6 got in when the prices were up and how they're fairing in the
7 declining economy.

8 MS. WELLER: Well, I'm not sure if it's being made
9 clear but we do not have any for sale yet at Legends South.
10 But on the rental side, the only thing that we have seen
11 recently in the past --

12 THE COURT: Well, the rentals, I imagine, have
13 dropped.

14 MS. WELLER: No. Our rents have not dropped. As a
15 matter of fact, our rents continually -

16 THE COURT: All right. Well, then I'm operating
17 under a false assumption. I'm sure you'll --

18 MS. WELLER: Okay. So our rents continually go up.
19 As we renew leases, we raise rents approximately three
20 percent. We've had no one say they'd like not to renew their
21 lease because of that. The only impact that we have seen on
22 the market is a handful of our one-bedroom units. We're not
23 able to continue paying their rent because they were the sole
24 supporter and sole rent provider and they lost their jobs so
25 they were not able to continue to pay the rent so I would say

1 that was four or five families out of our 400.

2 THE COURT: And what kind of renewals are you
3 getting?

4 MS. WELLER: Renewals?

5 THE COURT: Percentage wise.

6 MS. WELLER: Approximately three percent -- Oh,
7 renewals. I would say 90-plus percent renewals on leases.
8 It's been a very successful.

9 MR. GRISHAM: And our occupancy has been good.

10 MS. WELLER: Yes. Our occupancy is 97 percent
11 approximately. We have an extensive wait list. We just
12 recently leased up -- completed leasing out the third phase,
13 Coleman Place. Very successful, on time, actually under
14 budget, ahead of schedule. And we have approximately 700
15 families on our wait list for all three properties.

16 THE COURT: Okay.

17 MR. GRISHAM: I'm just going to put up just one more
18 board so we can move along and that's the last one, I think.

19 There are renderings in the -- there are renderings
20 in the affidavit, your Honor, but I wanted to just point out
21 this particular rendering because it shows the management
22 office community center that is part of the site. And again,
23 we just consider this to be a very important amenity and is
24 really crucial to the both management of the site and the
25 provision of social services.

1 So for those reasons, you know, we believe that even
2 with the rental, we would like the for-sale to go forward but
3 we understand current market conditions. The rental even on
4 its own has been a positive and stabilizing force, we
5 believe, in this community and again we ask the Court to
6 grant the order.

7 THE COURT: Okay. Does anyone else have anything
8 they wish to say?

9 MS. AMMARELL: Your Honor, if I might. Good
10 morning. Again, my name is Scott Ammarell and I am the
11 general counsel at CHA. I've been in that position for
12 approximately one year. Our CEO, Lewis Jordan, has been at
13 the CHA for about 18 months now and he had actually hoped to
14 be here this morning but the Mayor had asked him to attend
15 another event and wasn't able to be here.

16 Given the fact that we are new leadership at the
17 CHA, we thought it would be very important to address the
18 Court and affirm our commitment not only to what we believe
19 is our historic plan for transformation but also the goals
20 and the remedies of the Gautreaux order. We have had many
21 consultations and discussions over the course of the past 18
22 months with the Gautreaux plaintiff's counsel, with Habitat
23 and with the developer about all of the various projects,
24 including the project at Legends South. And we also concur
25 that going forward with the project in the manner that we are

1 proposing is an appropriate and positive, beneficial move
2 towards completing the goals of the Gautreaux order and the
3 plan for transformation.

4 Part of what we are agreeing to provide, as is
5 indicated in the papers that are before you, are some
6 additional commitments to both social services for the
7 residents at this particular property as well as some very, I
8 think, involved and detailed reporting and management
9 requirements because we believe that proper management is
10 essential to the success of the program.

11 We are also recommitting to use our offices to
12 further discussions with appropriate stakeholders regarding
13 economic development in the area, development of additional
14 recreational activities involved with Metcalfe Park -- and I
15 believe there's another park in the area -- and also
16 discussions with the Chicago Public School system to foster
17 and increase educational opportunities for children of the
18 residents in this area.

19 And last, I'd just like to say that Lewis Jordan has
20 a mantra, if you will, about how he -- about his leadership
21 at the CHA and he calls it his three Rs -- residents,
22 reputation and relocation. The number one R is for
23 residents. We are committed to doing what is necessary to
24 improve the lives and advance the progress of all of our
25 residents. And as a former member or former resident of

1 public housing, Mr. Jordan is absolutely committed to that.

2 Part of what we have to do in order to accomplish
3 all of the goals of the transformation plan is to relocate
4 the residents temporarily and then move them back into the
5 redeveloped and rehabilitative properties.

6 And then last, your Honor, we very definitely
7 believe that our reputation is paramount. We are attempting
8 to act and proceed on all of these issues, including the
9 issues that are before the Court today, and the remaining
10 issues in the plan for transformation in an open and
11 transparent manner in order to enhance our reputation. Thank
12 you.

13 THE COURT: Well, thank you. That dovetails what I
14 want to talk to you about.

15 If anyone else has anything to say to these two
16 motions, let's take care of that first.

17 Okay. Thank you. This has been very helpful. I
18 appreciate you coming in and I will allow both motions before
19 me.

20 I've been thinking for some time about how everybody
21 has been on the same page for sometime and especially with
22 the new administration at CHA, I think we really ought to
23 think about where we're going in terms of the whole structure
24 of this receivership and I don't want to talk about it now.
25 I want to set a date where we can all come in and, you know,

1 spend about an hour. I want to get your views.

2 What we have here is kind of an extraordinary order.
3 It was extraordinary when I entered it. It's even more
4 extraordinary now that everybody is playing nicely with it so
5 we really ought to think about what the future should be for
6 scattered-site housing and what role, perhaps if any,
7 receivership we have in the future. And I've made no
8 judgment of my own and I'm not going to, although I've been
9 thinking about it for some time, until I hear the views of
10 everybody.

11 So I thought perhaps a good time for me, if it works
12 for you, would be the afternoon of August 27th. It would
13 give you a chance to think about some of these issues. And
14 I'll issue an order today which, you know, indicates some of
15 the things that I've talked about very briefly right now.
16 And if that works, why don't we plan to spend at least an
17 hour here. You give me your views as to where we ought to be
18 going and I'll share some of mine with you in more detail.

19 Will that work?

20 MR. GRISHAM: On a personal reason because I will
21 not be in town --

22 THE COURT: We'll try to give you another day.

23 MR. GRISHAM: And there may be others. Maybe the
24 beginning of September.

25 THE COURT: Sure. The only problem -- Well, I'll do

1 it, Mr. Feldman --

2 MR. GRISHAM: I'm not sure what my personal
3 involvement is but --

4 MR. FELDMAN: We want you; we want you.

5 THE COURT: No. Let's find a date where everybody
6 can be here. Do you prefer a September date?

7 MR. GRISHAM: Anytime in September.

8 THE COURT: Okay. Is September 11th or 12th okay?

9 MR. FELDMAN: I think the 12th is a Saturday.

10 MR. JOHNSON: 11th is good.

11 THE COURT: Oh, I'm sorry. Take it all back. I'm
12 looking at August. Okay. I'm sorry.

13 How about the 15th or the 16th? They don't fall on
14 any holidays, does it?

15 COURTROOM DEPUTY: No.

16 MR. JOHNSON: 15th would be great.

17 THE COURT: Okay.

18 MR. POLIKOFF: It's agreeable.

19 THE COURT: Okay. I'm not hitting Rosh Hashanah
20 which my Blackberry doesn't tell me.

21 MR. FELDMAN: According to this -- see, the iPod, I
22 think, is a little more advanced than the Blackberry.

23 It looks like Rosh Hashanah is Saturday the 19th.

24 THE COURT: Okay. How about the 15th at 2:00 p.m.?

25 MR. JOHNSON: Great.

1 MR. AMMARELL: Very good.

2 THE COURT: Okay. I'll see you then.

3 MR. AMMARELL: Thank you, your Honor.

4 MR. FELDMAN: Thank you, your Honor.

5 MR. JOHNSON: Thank you, your Honor.

6 MR. POLIKOFF: Have a happy Labor Day.


7 THE COURT: Thank you. Same to you.

8 (Which concluded the proceedings in the above-entitled
9 matter.)

10 C E R T I F I C A T E

11 I hereby certify that the foregoing is a transcript
12 of proceedings before the Honorable Marvin E. Aspen on July
13 23, 2009.

14
15 /s/Laura LaCien

16 
17 Laura LaCien
18 Official Court Reporter

August 19, 2009
Date

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