



June 7, 2016

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Eugene Jones, Jr.
Chief Executive Officer

The Honorable Marvin E. Aspen
United States District Court
Northern District of Illinois
Everett McKinley Dirksen Building
219 South Dearborn Street
Chicago, Illinois 60604

RE: Jackson Square at West End (Rockwell Gardens) Phase I

Dear Judge Aspen:

I am writing to give you an update on the progress of the for-sale component of the Rockwell Gardens redevelopment about which you entered an order in 2005 and approved modifications of said order in July 2010. In your Order of August 2005 (the 2005 Order) you authorized the development of "57 new non-elderly public housing units in a mixed-income development" on land formerly occupied by the Rockwell Gardens housing development. This authorization had two conditions: (1) that an additional 53 affordable units and 98 market rate units (including 116 affordable or market rate homeownership units) "are built and marketed roughly simultaneously so that public housing units constitute no more than 28% of the total number of units to be constructed pursuant to [the] Order"; and (2) that the public housing units "are and remain well distributed among the new units to be constructed on the block." A copy of the 2005 Order is enclosed.

However, the June 5, 2006 letter to you on behalf of all the parties to the case from former Receiver of the CHA, Daniel E. Levin, Chairman of the Habitat Company, explained the difficulties and increased expenditures to overcome in constructing the remaining 59 homeownership units. Therefore, on July 21, 2010, the 2005 order was modified along with granting approval to construct 65 public housing units, 33 affordable and 14 market rate units. A copy of the Modifying letter and 2010 order is enclosed.

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To date, construction of Phase I rental, Phase II rental and Phase I for- sale have all been completed. The new development is known as West End at Jackson Square. However, in regard to the for sale component, reality has again intruded upon the plans made for the revitalization of the former Rockwell Gardens and requires that additional adjustments be made. The upheaval in the financial and real estate markets dating from 2008 has had serious consequences for the real estate market in Chicago which continue to this day. It has had serious effects upon the for-sale units developed in Phase I which were developed and owned by East Lake/West End Homeownership, LLC, an owner entity of the master developer for Rockwell Gardens. To date, East Lake has completed the following development phases and unit production:

Phase Name	CHA Units	Affordable Rental Units	Market Rate Rental Units	Market Rate For-Sale Units	Total
West End Phase 1A	14	18	10	0	42
Jackson Square at West End (Phase 1B Rental)	57	35	0	0	92
Jackson Square at West End (Phase 1B) For Sale	0	0	0	31	31
Phase II Rental	65	33	14	0	112
TOTAL	136	86	24	31	277

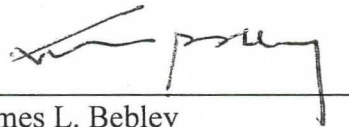
Of the 31 for-sale units built in Phase I, 19 remain unsold and vacant. In order to allow these units to become occupied, CHA proposes to purchase these 19 condominium units through its affiliate, Forward Communities Development, LLC (FCD). Upon acquisition of these units, FCD will engage a broker to market five (5) of the units for sale. The broker will market these units to Choose to Own Homeownership (CTO) participants as well as work with local employers to market units to their employees. The CTO Homeownership Program gives participants the option to own a home within the city of Chicago. CHA uses the Housing Assistant Payment (HAP) to help participating families pay a portion of their monthly mortgage for up to 15

years. Pre and post purchase counseling is offered to all CTO participants to help them navigate the home buying process. FCD will assist potential buyers in obtaining down payments.

The remaining 14 units will initially be market-rate rental. While the 2005 Order did not provide for market-rate rental, in light of the challenges in selling the units and their continued vacancy which poses its own problems for the development, we think marketing these units at market rate levels could alleviate the current problems with unoccupied units. Market rentals would also maintain a balance between the public housing, affordable and market percentages contemplated by the 2005 Order. As the real estate market continues to improve, and as leases for these units terminate, the rental units will be offered for sale.

We are encouraged that this plan for filling these 19 units is a continuation of the thoughtful planning process for the revitalization of the former Rockwell Gardens and that it advances Gautreaux objectives. We have informed counsel for the Gautreaux plaintiffs about this proposal and they have no objections to CHA's proposed plan for the 19 units.

Thank you for your consideration of this matter.



James L. Bebley
Chief Legal Officer
Chicago Housing Authority

JLB/MSJ/sw
Enclosure

c: Alex Polikoff, BPI
Julie Brown, BPI
Thomas Johnson, Johnson, Johnson, Jones, Snelling, Gilbert & Davis P.C.
Elizabeth Silas, CHA

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2005 Order

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

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

AGREED ORDER

This matter coming to be heard on the Joint Motion of Plaintiffs and Defendant Chicago Housing Authority, for an order to waive Gautreaux locational restrictions and authorize development of 57 new non-elderly public housing units in a mixed-income development within the following boundaries: (a) an area bounded by Adams Street on the north, Van Buren Street on the south, Western Avenue on the east and Campbell Street on the west and (b) a block bounded by Madison Street on the north, Monroe Street on the south, Rockwell Street on the east and Washtenaw Avenue on the West, and to amend the Tenant Assignment Plan with respect thereto, and the Court having heard from the parties concerning the proposed order, including that the Receiver, Daniel Levin and The Habitat Company LLC support the Joint Motion; and

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

The Court being authorized to issue orders in this case "designed ... to achieve results consistent with [the Judgment Order]" (304 F. Supp. 736, 741); and

The Court being of the view that based on the circumstances described in the Joint Motion and the presentations made in open court, the proposed 57 public housing units are designed to achieve results consistent with the Judgment Order previously entered in this cause; and

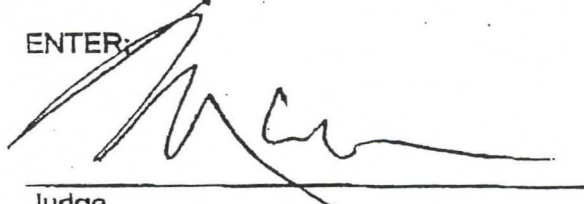
The Court notes that the parties have reached an understanding as to plaintiffs' concerns regarding their mutual goal to realize the mixed-income objective at Rockwell;

Now, therefore, IT IS HEREBY ORDERED:

The Receiver, previously appointed by the Court to develop non-elderly public housing on behalf of the defendant, Chicago Housing Authority, shall be free to develop or cause to be developed 57 new non-elderly public housing units in a mixed-income development within the following boundaries: (a) an area bounded by Adams Street on the north, Van Buren Street on the south, Western Avenue on the east and Campbell Street on the west and (b) a block bounded by Madison Street on the north, Monroe Street on the south, Rockwell Street on the east and Washtenaw Avenue on the West, provided, however, that (1) an additional 53 affordable units and 98 market rate units (including 116 affordable or market rate homeownership units) are built and marketed roughly simultaneously so that public housing units constitute no more than 28% of the total number of residential units to be constructed pursuant to this Order, and (2) the public housing units are and remain well distributed among the new units to be constructed on the block. The Chicago Housing Authority Tenant Selection and Assignment Plan, originally approved by Order of this Court on November 24, 1969, and amended by further orders dated September 12, 1983, June 9, 1989, October 1, 1990,

October 6, 1994, August 14, 1995, July 20, 2001, August 29, 2002, and March 24, 2003, is hereby amended to require that the 57 public housing units in the Phase I-B Rockwell Gardens redevelopment be made available to eligible families living in CHA units or with temporary Section 8 vouchers. If there are no such families available to occupy the units, then they shall be made available to families on the CHA waiting list.

ENTER:



Judge

Dated: 8/22/05



THE HABITAT COMPANY

June 5, 2006

The Honorable Marvin E. Aspen
United States District Court Northern District of Illinois
Everett McKinley Dirksen Building
219 South Dearborn Street
Chicago, Illinois 60604

RE: West End (Rockwell Gardens) Phase I

Dear Judge Aspen:

I am writing to give you an update on the progress of the for-sale component of the Rockwell Gardens redevelopment about which you entered an order last year. Your order of August 22, 2005 (the "2005 Order") authorized the Receiver to cause the development of "57 new non-elderly public housing units in a mixed-income development" on land formerly occupied by the Rockwell Gardens housing development. This authorization had two conditions: (1) that an additional 53 affordable units and 98 market rate units (including 116 affordable or market rate homeownership units) "are built and marketed roughly simultaneously so that public housing units constitute no more than 28% of the total number of residential units to be constructed pursuant to [the] Order"; and (2) that the public housing units "are and remain well distributed among the new units to be constructed on the block." A copy of the 2005 Order is enclosed.

Construction of the rental development that includes the 57 public housing units (plus 35 affordable units) commenced in January 2006 and should be complete in early 2007. Additionally, a closing that will permit the development of at least 57 for-sale units is currently scheduled for this Wednesday, June 7. These units will be interspersed with the foregoing rental units so that the public housing units will be "well distributed" pursuant to the 2005 Order. Although there has been a lag of several months in beginning construction of the for-sale units (in part due to the need for the Developer to conclude enough "pre-sales" of those units to satisfy its lender's financing conditions), the imminent commencement of construction of the for-sale units after this week's closing

means that the construction of public housing and other units will now proceed "roughly simultaneously" pursuant to the 2005 Order. BPI, the CHA and the Receiver support the immediate development of these for-sale units and look forward to their construction following this week's closing.

That's the good news. Unfortunately, the development of the remaining 59 home-ownership units (of the 116 total) contemplated by the 2005 Order has not progressed as anticipated last August. After considerable discussion among the pertinent parties and the Receiver, there is now serious doubt as to whether it is possible or desirable to construct all of the 116 for-sale units within the limited boundaries described in the 2005 Order. The reasons include the following:

1. Neither the CHA nor the Developer has site control of all of the land required for the remaining 59 for-sale units. Land for nine of these units is expected to be acquired. This land is owned by the City of Chicago, but requires the City Council's approval for it be transferred to the for-sale development entity. That approval may not occur until October. Last summer, the Developer had received City Council approval for the transfer to the Developer of the lots needed for the nine units, but the Developer has since changed its plan substantially enough to require new City Council approval. The City's Department of Planning and Development is working with the Developer and has not objected to the change. Provided that the City lots are deeded to the Developer, the 9 additional for-sale units can be developed, bringing the total to 66 for-sale units.
2. Gaining site control of the land needed to develop the remaining 50 for-sale units is more problematic. Much of the necessary property is privately owned. The owner of the private property has rejected the purchase offers that have been made, which were based on the appraised value of the property. The City—through private counsel—is pursuing the acquisition of this land through eminent domain. This litigation could take at least a year. Even so, if the ultimate acquisition price is too high, the feasibility of developing the for-sale units on those sites may be imperiled.
3. Even if the land can be acquired at a price that is affordable to the redevelopment, the parties have come to appreciate that, for several reasons, it may not be desirable to build all 50 of the remaining for-sale units within the limited geographic area prescribed by the 2005 Order. (That area is outlined in the attached Exhibit A.)

The parties expect and agree that these 50 for-sale units contemplated in the 2005 Order should ultimately be developed. The principal questions that remain are the location of those units and whether they should be developed in conjunction with additional public

housing and affordable units. Planning discussions on these subjects have been occurring and will continue.

As you can see, as is often the case, reality sometimes intrudes upon plans and requires that adjustments be made. At this time, there is uncertainty with respect to critical site-acquisition issues, and resolution of those issues will very likely require planning adjustments. However, none of the stakeholders, nor the Receiver, want this uncertainty to delay progress on developing the land that we do control. Our experience in recent years is that the redevelopment process is itself a substantial engine of revitalization. As new units are rented and sold, the neighborhood improves and the prospects for further development and revitalization are enhanced. Accordingly, as noted above, the pertinent parties agree that the closing of this week, which will permit construction of the 57 (and, ultimately, 66) for-sale units as to which site control exists or is imminent, should proceed. Meanwhile, the parties plan to move forward on a parallel track through a collaborative process to plan the location and mix of the remaining 50 for-sale units. Combined with the rental units previously constructed on an adjacent parcel as Phase I-A, the rental units under construction and the 66 units of for-sale housing will result in a mixed-income development, even without counting the 50 additional for-sale units. However, the delay in developing the remaining 50 for-sale units, as well as the possibility that they may be developed on sites other than those previously anticipated and in conjunction with additional rental units, means that it will become necessary to seek your approval of a modification of the 2005 Order, which had provided that the public housing units would not exceed 28% of the total residential units. After this week's closing and the completion of Phase I-B, public housing units will at that time constitute 35.5% of the new units in Phase I. It should be noted that the Phase I-B area encompasses a number of existing, privately-owned structures. Those buildings are a mix of rental and owner-occupied units disbursed in the blocks on which the new housing is planned. The enclosed site plan shows the location of pre-existing units within the 2005 Order area. (See Exhibit A).

The final percentage of public housing units is unknown for the reasons stated above, but the Receiver desires that the percentage of public housing units for the entire redevelopment does not exceed 33%. The following chart illustrates the unit mix expected after completion of Phase I and prior to the development of the 50 additional for-sale units:

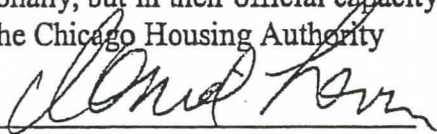
Type	Rental	For-Sale	Total Units	%
CHA	71	0	71	35.5%
Affordable	53	0	53	26.5%
Market Rate	10	66	76	38%
Total Units	134	66	200	
%	67%	33%		100%

We considered seeking a modification of the 2005 Order before this week's closing. However, because there are open questions regarding site control and the final unit mix, we do not yet have an alternative plan to present to you. Rather than modify the 2005 Order in a piecemeal fashion, we thought it made more sense to provide you this status report, to proceed with the closing forthwith, and to defer the formal modification of the 2005 Order until such time as we can present an agreed motion that will include a comprehensive refined plan prepared after resolution of the uncertainties. We hope to present such an agreed motion at some point before closing the rental portion of Phase 2 of this redevelopment, which is currently expected to occur in the third quarter of 2007.

We believe that Phase I as it is being currently executed is a significant step in the revitalization of the former Rockwell Gardens site and that commencing the construction of the 66 market-rate for-sale units while continuing with a thoughtful planning process for future development of for-sale units will advance Gautreaux objectives. If you are agreeable with this approach, we would appreciate a brief response so acknowledging. If you would prefer that the parties submit a formal motion at this time to modify the 2005 Order, we can ask the parties to do so.

Thank you for your consideration of these matters.

Daniel E. Levin and The Habitat Company LLC, not personally, but in their official capacity as Receiver for the Chicago Housing Authority

A handwritten signature in dark ink, appearing to read "Daniel E. Levin", written over a horizontal line.

Daniel E. Levin
Chairman

cc: Alex Polikoff, BPI
Julie Elena Brown, BPI
Gail Niemann, CHA
Thomas Johnson
Michael L. Shakman/Edward W. Feldman

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
)	
CHICAGO HOUSING AUTHORITY, et al.,)	Hon. Marvin E. Aspen
)	
Defendants.)	

ORDER

This matter having come before the Court on the motion of the parties to:

a) Modify the previous order of August 22, 2005, which authorized development of 57 new non-elderly public housing units in Phase I of the West End development, a mixed-income development replacing Rockwell Gardens; b) Authorize 65 new non-elderly public housing units in Phase II of West End, in an area bounded by Adams Street on the north, Van Buren Street on the south, Campbell and Artesian Streets on the east and Maplewood Street on the west; and c) Amend the CHA Tenant Assignment Plan to require that the 65 new public housing units in Phase II be made available first to public housing families relocating under the Plan for Transformation, then to families on the CHA public housing waiting list; and

The Court having reviewed the presentations and considered the views of the parties, including that the Gautreaux Development Manager, Daniel Levin and The Habitat Company LLC, supports the Joint Motion, and that the parties and the developer for West End have executed a Letter of Agreement respecting various measures

designed to support a high quality of life for West End residents and improve the prospects for achieving the mixed-income goal for that development; and

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

The Court having retained jurisdiction to issue orders in this case "designed . . . to achieve results consistent with [the Judgment Order]," 304 F. Supp. 736, 741 (N.D.Ill. 1969); and

The Court being of the view that based on the representations of the Parties and the Gautreaux Development Manager, the proposed 65 public housing units are designed to achieve results consistent with the Judgment Order previously entered in this case;

NOW THEREFORE, IT IS HEREBY ORDERED:

A. The Order entered on August 22, 2005 is modified to authorize 57 public housing units as part of a Phase that includes 35 affordable rental units and 66 market rate for sale units. The 50 additional for sale units originally required as part of the authorization for development of the public housing units are to be provided in future Phases of Rockwell redevelopment, as specified by future Orders of this Court.

B. The Defendant Chicago Housing Authority shall be free to develop or cause to be developed 65 units of public housing in mixed-income buildings on the site previously occupied by CHA's Rockwell Gardens public housing development provided, however, that (1) the planned 33 affordable and 14 market-rate rental units in the buildings that are the subject of this motion are built and marketed roughly simultaneously with the development of the 65 public housing units to be authorized pursuant to this motion, and the planned un-built and un-sold for-sale units in Phases I and II of this development, are marketed and constructed at the earliest appropriate time, as determined jointly by the parties, the Gautreaux Development Manager and the

Developer; and (2) the public housing units are and remain well-distributed among the non-public housing units across the site that is the subject of this motion.

C. The Chicago Housing Authority Tenant Assignment Plan, originally approved by the Order of this Court on November 24, 1969, and amended on various dates thereafter, is further hereby amended to require that the 65 public housing units that are the subject of this Order be made available to eligible families relocating under CHA's Plan for Transformation, and if there are no such relocating families available to occupy the units, to families on the CHA public housing waiting list.

ENTER:


Judge, United States District Court

Dated: 7/21/10