

**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.)	

**DEFENDANT CHICAGO HOUSING AUTHORITY'S BRIEF IN RESPONSE TO
PLAINTIFFS' MOTION FOR ORDER AUTHORIZING MIXED INCOME
REDEVELOPMENT OF LATHROP HOMES, AND FOR OTHER RELIEF**

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I. INTRODUCTION

For a decade, the Chicago Housing Authority (“CHA”) worked hard to develop a plan for the renovation of the Lathrop Homes as a mixed-income development. Throughout this lengthy and contentious process, CHA and its competitively selected development team have met regularly and shared information with the *Gautreaux* plaintiffs, as well as many other stakeholders at Lathrop, including the City of Chicago, the Department of Housing and Urban Development (“HUD”), local aldermen, the elected Local Advisory Council, and neighborhood groups. The result is a plan for the Lathrop site that all of the stakeholders support.

On June 21, 2016, the CHA Board of Commissioners (“Board”) approved the \$75 million dollar Phase IA of the Lathrop plan, and authorized an application to HUD for the lion’s share of the money through HUD’s Rental Assistance Demonstration (“RAD”) program¹. HUD provided a commitment that CHA can transition the existing Phase IA Lathrop units to the RAD program, subject to environmental clearance for the site and an acceptable, comprehensive financing plan. A closing for Phase IA is planned for January of 2017. While the vision for Lathrop is larger than Phase IA (which involves only the area north of Diversey and west of Clybourn Avenues), so far CHA has approved and sought funding only for Phase IA of the project, and only Phase IA has drawings and plans with specific unit counts, unit mixes, and locations that have been tendered for funding. See, Declaration of Anthony Alvarez, Exh. A hereto, ¶ 3 (hereafter “Alvarez, ¶ ____”).²

¹ A copy of the Board’s resolution on Phase IA is Item 1, appended to the Declaration of Anthony Alvarez, attached as Exh. A hereto.

² Phase IA will provide 151 public housing units, 101 affordable units and 161 market units. There are currently 144 units occupied on-site (123 containing individuals or families who

The *Gautreaux* plaintiffs have filed a motion seeking Court permission for CHA to move forward with the entire Lathrop redevelopment plan. They do not contend that the Lathrop plan violates the core provisions of the judgment order----that preclude CHA's development of public housing in Limited Areas and that prohibit CHA from assigning tenants on the basis of their race. *See, Gautreaux v CHA*, 981 F.Supp. 1091, 1094 (N.D.Ill. 1997) ("the judgment order's principal objects: 'to prohibit the future use and to remedy the past effects of the defendant CHA's unconstitutional site selection and tenant assignment procedures'"). Rather, they contend the Court's approval is necessary, as otherwise CHA's plans at Lathrop run afoul of: 1) the concentration provisions of the *Gautreaux* judgment order; and 2) the general admonition in the *Gautreaux* judgment order that CHA must "affirmatively administer its public housing system in every respect ... to the end of disestablishing the segregated public housing system which resulted from CHA's unconstitutional site selection and tenant assignment procedures. ('the disestablishment provision')." To our knowledge, neither of these provisions have ever been used by the Court in the past. While it is always CHA's preference to work with the *Gautreaux* plaintiffs in order to resolve any dispute, and the parties have in good faith sought to do so here, there are two issues that divide the parties, thus prompting these briefs.

First, the CHA does not believe Phase 1A of its Lathrop plan violates either the concentration provisions or the disestablishment provisions of the *Gautreaux* judgment order, as discussed in Section II of this brief. So, the CHA objects to the plaintiffs' effort to subject this

have a right to return to Lathrop and 21 who arrived after October 1, 1999 and do not have a right of return), plus 26 former Lathrop families off-site, looking to return. There are 10 families from other CHA developments off-site who are entitled to permanent replacement housing and opted for Lathrop as their choice of such housing. Thus, under the Relocation Rights Contract, CHA must accommodate a total of 159 families at Lathrop. See, Alvarez ¶¶ 2 and 4.

project to the Court's supervision. Quite frankly, after fifty years, CHA is not looking to expand the reach of the *Gautreaux* judgment order; the plaintiffs' motion seeks to do just that. *See, Gautreaux v CHA*, 981 F.Supp. 1091, 1093-94 (N.D.Ill. 1997) ("federal court supervision of local government operations should be a 'temporary measure to remedy past discrimination' and is 'not intended to operate in perpetuity'").

Second, the CHA's plan to develop new public housing units in the General Areas of the north side (and in opportunity areas) is not subject to this Court's jurisdiction, as is discussed more fully in Section III of this brief. In particular, CHA's Chief Executive Officer has stated that he intends to provide 525 "new housing opportunities" on the north side of Chicago, in part, to compensate for the 524 or 525 public housing units that will no longer stand on the Lathrop site, after the entire redevelopment plan is complete. These units will not be located in racially impacted areas, but in General Areas or Opportunity areas (where the poverty rate is below 22.7% and subsidized housing represents less than 5% of the housing). While CHA does not believe these replacement units are required under the *Gautreaux* judgment order, the Chief Executive Officer and the CHA Board stand behind this commitment. The plaintiffs welcome this replacement housing plan. However, the plaintiffs have taken this ambitious goal (which will require the cooperation of many persons and entities who are not parties to this case) and made it much harder to achieve by: 1) excluding all senior "housing opportunities," even though 28.5% of those still living at Lathrop are seniors and Lathrop has historically been a senior-dominated project, given its large number of one bedroom units; 2) requiring north side landlords who accept CHA project based vouchers to commit to these vouchers for twenty years, as opposed to five-year terms (or longer terms) that may be extended-----a very difficult task; and 3) excluding

from the definition of north side “opportunity areas” neighborhoods that will provide meaningful opportunities for public housing families, e.g. tracts in Edgewater, Lincoln Square, Lakeview and Logan Square. Inasmuch as CHA does not believe that Phase IA of Lathrop or its replacement housing plan is subject to this Court’s authority, CHA seeks to go forward with its plan for 525 “housing opportunities” in the flexible manner in which it was conceived. CHA respectfully requests that the Court deny the plaintiffs’ motion.

II. PHASE IA OF THE LATHROP REDEVELOPMENT PROJECT DOES NOT VIOLATE THE *GAUTREUX* JUDGMENT ORDER AND THUS NO *GAUTREUX* ORDER IS REQUIRED IN ORDER FOR THIS PROJECT TO GO FORWARD

A. Phase IA of the Lathrop Plan Does Not Violate the Concentration Provisions Contained in Section IV of the *Gautreaux* Judgment Order

The judgment order in this case (*Gautreaux v CHA*, 304 F.Supp. 736 (N.D. Ill. 1969)) (hereafter “the judgment order”) stems from a determination that in the 1960s, the CHA intentionally assigned white public housing tenants to four white public housing developments, and African-American public housing residents to the remaining developments. Further, the court found that CHA located public housing developments only in African-American areas of the city, in order to keep African-American public housing residents segregated. *Gautreaux v CHA*, 296 F.Supp. 907 (N.D. Ill. 1969). As such, the central provisions of the judgment order have been to prohibit the assignment of tenants on a racial basis, and preclude the further development of new, family public housing in Limited areas (where African-Americans represent more than 30% of the population) unless there was contemporaneous development in General areas (where African-Americans are less than 30% of the population). It is these provisions that have been waived as this Court has overseen CHA’s replacement of high-rise family developments (at the old Cabrini,

Horner, ABLA, Lakefront, Robert Taylor, Stateway Gardens, Rockwell and other sites) with mixed-income developments in Limited areas around the city. Every mixed-income development in CHA's Plan for Transformation, to date, has been located in a Limited area.

The Lathrop Homes is different. It was built by the Public Works Administration in 1938, long before entry of this Court's 1969 judgment order. Consisting of low-rise (two to four story) buildings, it was one of the first public housing developments in Chicago, and in 2012 was placed on the National Register of Historic Places.³ It has been an integrated development.⁴ It was and remains in a General area, bordered by the Bucktown and Roscoe Village neighborhoods on the North Side of Chicago. See, the maps attached to Exh. A, in Item 1, at pp. 4-5 hereto. As the Lathrop redevelopment plan does not call for the racial assignment of tenants, and contemplates public housing development only in a General area, it does not implicate the core concerns of the 1969 judgment order. Alvarez, ¶¶ 4-6.

The plaintiffs, however, say that the Lathrop plan violates the concentration provisions in Section IV of the judgment order, and these would preclude redevelopment at Lathrop, absent a court-ordered waiver. That is not the case with respect to Phase IA, the only part of the Lathrop plan ready to be implemented, and thus the only part of the Lathrop plan that creates a "case or

³ Though treasured and preserved because of its architecture, the famous architects who worked on it (including Robert DeGolyer, E.E. Roberts, and Hubert Burnham) and the grounds landscaped by Jens Jensen, the age of the development and the wear and tear associated with concentrated levels of poverty at the site have prompted the need to renovate it.

⁴ Of the 245 residents now remaining at the Lathrop Homes, 14 are white, 78 are Hispanic and 153 are African-American. Alvarez, ¶ 5.

controversy” for the Court.⁵

Section IV(A) of the 1969 judgment order provides that no “Public Housing Project” (defined in Section I(E)) shall contain “Dwelling Units” [i.e. family public housing units, see Section I(B) of the judgment order] designed for occupancy by more than 120 persons” [or under certain circumstances, 240 persons], i.e. persons in public housing families. The only new construction in Phase IA of the Lathrop plan is a 59-unit mid-rise building that will contain 21 family public housing units, all of which will be one and two-bedroom units. Alvarez, ¶ 7. While this building would count as a “Public Housing Project” under Section I(E) of the 1969 judgment order, it clearly will hold fewer than 120 persons in those 21 family public housing units. The balance of Phase IA involves the rehabilitation of fourteen of the original Lathrop public housing units, Alvarez, ¶ 7. The rehabilitation of these units is not subject to the 1969 judgment order, as they pre-dated the judgment order and, by its terms, the 1969 judgment order only applies to “Dwelling Units,” which are defined in Section I(B) of the order as: “an apartment or single family residence which is to be *initially* made available to and occupied by a low-income, non-elderly family, *subsequent to the date hereof*, directly or indirectly through CHA ...” The Lathrop units were initially made available to low-income families in 1938.

The plaintiffs’ brief does not deny that Phase IA is consistent with the 1969 order’s concentration provisions. Instead, they make two arguments: 1) the Phase IA rehabilitation units

⁵ There is a proposed plan for Phase IB, which involves 216 units of housing, of which 78 are for public housing. The proposal calls for construction of one new building with 40 units, only 14 of which are for public housing families, and the rehabilitation of four old Lathrop low-rises. While the developer has proposed a unit count and mix for Phase IB, CHA’s Board of Commissioners has not approved it, and there is no funding commitment for Phase IB. Alvarez, ¶ 3, n.3. Even if the Court were to consider Phase IB (which is premature), it also would not violate the concentration provisions of the judgment order.

are “functionally brand new” and therefore should be considered Dwelling Units that are now being “initially made available and occupied by a low-income, non-elderly family” (Pltf.’s Br., at pp. 8-9); and 2) the Court should consider the Lathrop development as a whole, and not in phases (Pltf.’s Br., at pp. 6-8). Neither argument is correct.

1. Phase IA Contains Only One Building That Includes “Dwelling Units,” As That Term is Defined in the Judgment Order

Implicitly conceding that Phase IA would not otherwise violate the concentration provisions of the judgment order, the plaintiffs argue that the rehabilitation of the 1938 Lathrop units makes them “functionally brand new” (Pltf.’s Br., at 9). As such, plaintiffs say they should be considered “Dwelling Units” under the judgment order. If they are, then even though there are only 151 public housing units in Phase IA, out of 413 total units (i.e. only 36% are public housing), plaintiffs claim that CHA’s plan violates the concentration provisions of the judgment order (Section IV).

While Phase IA includes a new construction mid-rise building with 59 units, containing 21 public housing units (which does not violate the concentration provisions of the order), the balance of Phase IA involves the rehabilitation of fourteen existing CHA low-rise buildings. Alvarez, ¶¶ 7-8. CHA has accurately described the work on these buildings as “renovation” (Pltf. Exh. A, p. 3;). It has said in the Site Integrity Report filed (Pltf. Exh. D) that:

The buildings remaining in the master plan retain all of Lathrop Homes’ significant planning elements and will continue to tell the story of this innovative 1930s public housing model. On the north portion of the site [i.e. Phase I], all 16 residential buildings representing examples of all 3 of Lathrop Homes’ original building types—rowhomes, apartment buildings, and combinations—will remain in their current locations. These along with the Administration Building are integrated with small, intimate green spaces as originally designed. The assembled 16 residential structures will face a large center lawn inspired by Jens Jensen’s original design landscape...

Pltf.'s Exh. D, at p. 10

The original architectural elements will be preserved, including the unique ornamentation (Id., p. 10). Windows and doors will be used to replicate the original architectural design (Id., p. 11). The "interiors will be *rehabilitated* to accommodate modern apartment units along with amenities that will make for an attractive residential destination" (Id., p. 11) (emphasis supplied). Not only has CHA's developer consistently characterized this work as a rehabilitation project, but the nature of the work is consistent with this understanding. The core and structure of the buildings will be maintained, but interiors will be changed, principally to deal with new building code requirements, and in some cases to make larger units (by combining old units) both to make them accessible and to create more marketable units. It is described in Alvarez, ¶ 8.

While plaintiffs contend that the "changes proposed are not repairs or minor modifications" and that the units are "functionally brand new" (Pltf.'s Br., at 9), this is not the test in the judgment order. The judgment order, and its concentration provisions in Section IV, apply only to "Dwelling Units," which are defined in Section I(B) as:

"an apartment or single family residence which is to be *initially made available to* and occupied by a low-income, non-elderly family, subsequent to the date hereof, directly or indirectly by or through CHA, whether in a structure owned in whole or in part by CHA (whether or not newly constructed) or to be otherwise made available for occupancy by or through CHA to such a family ... (emphasis supplied)

This provision was a forward-looking provision that would deal with public housing projects that would be developed in the future for CHA families. *See, Gautreaux v CHA*, 178 F.3d 951, 953 (7th Cir. 1999) ("The idea [of the 1969 judgment order] was to bring about a gradual cure of the CHA's constitutional violations over time, *as the CHA made new units available to public*

housing residents” (emphasis supplied)). Virtually all of the CHA projects that existed at the time of the 1969 order violated the locational restrictions, concentration and height rules found in the order. The notion was that in the future the problems of public housing would not be repeated or exacerbated but rather alleviated as new units came on line.

There is no dispute that all of the Lathrop buildings in Phase IA (except for the new mid-rise) were built in 1938 (Pltf.’s Br., at 2). As such, they are not now being “initially made available to” low-income, non-elderly families. They were made available to them back in 1938, and consistently since then. When such pre-1969, pre-*Gautreaux* units are rehabilitated, they do not trigger the concentration provisions of the judgment order.⁶ Nor does Phase IA violate the spirit of the concentration provisions of the judgment order. These provisions were designed to prevent CHA from replicating the high-poverty concentrations of public housing families found in the CHA family high-rises that existed in 1969. Phase IA is a low-rise development, where only 36% of the units will be occupied by public housing families, who will be economically and racially integrated into a larger development with market and affordable families.

2. This Court Should Not Consider Phases of a Project Before They Are Ready To Be Implemented, As We Do Not Know The Nature or Character of These Later Phases Until They Are Ready to be Implemented

Lawyers like to plan mixed-income developments on paper, and lay out the entire project from beginning to end. If the parties to this case have learned anything, however, through the

⁶ Indeed, the CHA has undertaken substantial, or sometimes called “gut,” rehabilitation of many pre-1969 developments without triggering the *Gautreaux* court’s supervision, e.g. when the entire Horner Annex was torn down to its slab and re-built in the late 1990s, or when substantial rehabilitation was done at the CHA’s Bridgeport Homes, Lowden Homes, Trumbull Park Homes and Wentworth Gardens developments, completed in 2006, all of which are, like Lathrop, low-rise developments, that pre-dated the 1969 judgment order. See, CHA’s 2006 MTW Annual Report, at p. 5.

complicated process of CHA public housing development, it is that such large-scale plans never come to fruition as originally conceived. Market conditions change, financing changes, the developers change, the planning process requires alteration in the location, mix and nature of units to be built, units cannot be sold and so must be rented, rehabilitated units no longer make sense and new construction is substituted, or vice-versa. The recent election has heightened all of this uncertainty in terms of what funding will be available from HUD, what support HUD will provide in terms of subsidies and what rules will govern the acquisition of units in high-cost predominantly white areas of the city. We have seen it all across the host of CHA developments that have been before this Court. And, we have learned therefore to go step by step, rather than trying to enshrine a grand plan in a court order, way before concrete plans have been finalized.

We took the approach plaintiffs suggest when CHA contemplated its first mixed-income development at the Henry Horner development. It was a mistake, and lots of time spent planning the redevelopment was essentially wasted. A detailed and comprehensive consent decree was entered in March of 1995, to great fanfare. *Henry Horner Mothers Guild v CHA*, 91 C 3316 (hereafter *Horner*), Docket Entries 169-75; *Gautreaux v CHA*, Docket Entry 38. But virtually none of it came into being, as originally planned. Within six months, the federal government took over the CHA, HUD policies changed and the plan was then amended in September of 1995. *Horner*, Docket Entries 179-80; *Gautreaux*, Docket Entries 41-42, 44-49. The revitalizing area was then expanded in April of 1996, *Gautreaux* Docket Entry for April 15, 1996. About a year later, the decree was modified again to change all of the construction and completion deadlines in the decree on account of the exigencies of development, *Horner*, Docket Entry 222; and *Gautreaux* Order dated June 10, 1997. In February of 2000, the entire Horner development plan

was then completely changed, with four of the initial five phases scrapped in favor of a new approach, **Horner**, Docket Entries 270-71; **Gautreaux** Docket Entry for December 12, 2002. Later modifications of what remained of the Court's original order occurred in 2003 (on issues related to security), **Horner**, Docket Entries 300-01; in 2005 (on issues related to the live-work units and on the sale of property), **Horner**, Docket Entry 313; in 2013 (to change the structure and composition of the Superblock), **Horner**, Docket Entry 394; and in 2016 (to modify the prohibition on the sale of CHA land), **Horner** Docket Entry 413. Had the Horner development been approached incrementally, all of these orders modifying the decree (and all of the time spent negotiating them) would not have been necessary. CHA is particularly prejudiced by such an approach, as it bears the burden of modifying the decree every time circumstances demand a new approach.

The plaintiffs say this Court has a "long history of treating phases (and sub-phases) as part of a single overall development," citing the 1998 ABLA order. In fact, after the experience at Horner, ABLA is very much the exception to the rule. This Court did not examine the Cabrini development as one large, overall plan, but waited to examine it phase by phase, as the development was conceived and funded. See, **Gautreaux** Docket Entries for Nov. 6, 1997 (authorizing development in a phase north of the Cabrini site); August 12, 1998 and September 12, 2000 (authorizing development in a phase on the Cabrini Extension North site); December 16, 2003 (authorizing acquisition of replacement units at the Domain Lofts); March 30, 2004 (modifying the Cabrini Extension North redevelopment); and September 16, 2015 and September 24, 2015 (authorizing development in a phase at the Green Homes, Cabrini Extension South and part of the Rowhouses, as well as modifying the Cabrini Extension North redevelopment again).

The same has been true at the old CHA Lakefront, Taylor, Rockwell and Stateway Gardens sites.⁷ This Court has wisely waited for each phase and sub-phase to become concrete before it acted on it.

The plaintiffs say “phasing is not a tool for evading the Judgment Order” (Pltf.’s Br., at 7), but that is not what CHA seeks to do. The concentration provisions of the judgment order, at issue here, turn on the exact mix and number of public housing units that will be located in particular structures, on lots, adjacent lots and on particular parcels, see Section I(E) of the judgment order (which must be read with Section IV(A)). All of this is unknown, other than for Phase IA.⁸ While CHA hopes to end up with at least 1,116 units at Lathrop, including 401 public

⁷ At the old CHA Lakefront site, for example, phased development was authorized in this Court’s orders dated June 3, 1996 (creating the original North Kenwood-Oakland revitalizing area and authorizing 241 public housing units in the Lake Park Crescent and Jazz phases of development); May 16, 1999 (invalidating an original plan for development); April 11, 2000 (amending and modifying the original 1996 order); September 11, 2002 (authorizing development of the Oakwood Shores phase of development on the old Ida B. Wells, Darrow and Madden Park sites); and October 30, 2012 (authorizing another phase of development at two additional sites). The same was true at the old Taylor Homes site. *See, Gautreaux* orders dated March 26, 2004 (authorizing first off-site phase of development, named C-1); April 17, 2006 (authorizing the first on-site phase two years later, named A-1); November 6, 2007 (authorizing another off-site phase, revised in character, and known as C-2); July 23, 2009 (authorizing a second on-site phase, called A-2) and February 26, 2014 (authorizing a third off-site phase, C-3). Many phases of the Taylor project (including all of Phase B) have never been considered by this Court. The CHA site at Rockwell was also examined on a phase-by-phase basis. *See, Gautreaux* orders dated August 5, 2003 (authorizing the first phase); August 22, 2005 (authorizing another phase); and July 21, 2010 (modifying the second phase). Again, other Rockwell phases await planning and examination by the Court. The same approach was taken at the Stateway Gardens development. *See, Gautreaux* orders dated November 22, 2005 and April 2, 2013.

⁸ The developer has a Phase IB proposal for 216 units, of which 78 are for public housing families, 48 for affordable families and 90 for market families. There is new construction of a single building with 14 public housing units (which would not violate the concentration provisions of the judgment order). The balance of Phase IB involves proposed rehabilitation of four additional, existing, pre-1969 Lathrop low-rises. Phase IB, however, is merely a plan and not an actual project, as the CHA Board has not approved it, and there is no funding for it.

housing units, the only specific units thus far authorized by the CHA Board, for which there is a financing plan, and for which there is a designation of units, unit mix and the concentration of public housing units is at Phase IA, Alvarez, § 3.⁹

It is not merely wise for the Court to limit itself to the specific plan CHA has approved, but Article III of the Constitution requires such an approach, as a “case or controversy” is a prerequisite to federal adjudication, i.e. there must be a dispute that has “taken a shape for judicial decision,” *Daimler Chrysler Corp. v Charlotte Cuno*, 547 U.S. 332, 341 (2006) (quoting Chief Justice Marshall). This has come to mean that there must be an “injury fairly traceable to the defendant’s allegedly unlawful conduct, and likely to be redressed by the requested relief,” *Id.*, at 342. The Supreme Court has held this injury must also be “concrete and particularized,” and “actual or imminent, not conjectural or hypothetical,” *Lujan v Defense of Wildlife*, 504 U.S. 555, 560 (1992), see also, *Parvati Corp. v City of Oak Forest*, 630 F.3d 512, 516 (7th Cir. 2010). These principles apply with equal force to a controversy within a long-standing case like

⁹ It is true, as the plaintiffs point out (Pltf.’s Br., at 7-8), that in 2011, CHA entered into a Master Development Agreement with its developer, but that agreement merely sets forth the contractual obligations of the developer and says nothing about the number of units to be built or their concentration in any phase of the project---it merely set the developer to work on a plan. The 2016 Housing Impact Study, also cited, which addresses available resources for dislocated residents, quite specifically addresses only Phase IA (and not the entire Lathrop vision). Lathrop’s placement on the National Historic Registry in 2012 had nothing to do with the concentration ratios for public housing units. Finally, it is true that CHA sought planned unit development status from the City for the entire Lathrop site, but that application says nothing about the number of units, the mix of public housing units or the concentration of the public housing units in any phase of Lathrop. Rather, it focuses on general uses anticipated and the zoning that will be required for these uses.

this one.¹⁰ Here, the concentration issue the plaintiffs raise for the entire Lathrop development does not present a “concrete” or “imminent” injury. The only part of the Lathrop plan that is specific enough to be compared with the 1969 judgment order’s concentration provisions is Phase IA, and it does not violate those provisions.

B. Phase IA of the Lathrop Plan Does Not Violate Section VIII of the Gautreaux Judgment Order

Phase IA of the Lathrop plan will convert 460 existing Lathrop public housing units into 151 rehabilitated or new public housing units; 101 affordable units (for families making 60% of the area median income or less); and 161 market units. The net loss of public housing units on site for Phase IA is 309. If the entire Lathrop plan is eventually funded and developed, there will be at least 401 public housing units in the mixed-income development. As all of Lathrop consists currently of 925 public housing units (only 144 of which are occupied), there would be a net loss of 524 public housing units on site. Alvarez, ¶ 10.

Even though only Phase IA is approved by the CHA Board, and even that is not yet funded and closed, plaintiffs seek an order requiring CHA to replace all 524 potentially “lost” public housing units, and further require that CHA do so only in General or Opportunity areas, only on the North Side, and only with family units. If the CHA does not build new public housing units, then plaintiffs say the Authority may only use project-based subsidy units where the landlord commits to 20 years with CHA. The plaintiffs contend that if CHA fails to replace all 524 of these units, CHA violates Section VIII of the 1969 judgment order, which provides

¹⁰ Post-judgment proceedings are treated as freestanding litigation, for jurisdictional purposes. *Alliance to End Repression v City of Chicago*, 356 F.3d 767, 773 (7th Cir. 2004); *ACORN v Illinois State Board of Elections*, 75 F.3d 304, 306 (7th Cir. 1996).

that: “CHA shall affirmatively administer its public housing system in every respect (whether or not covered by specific provision of this judgment order) to the end of disestablishing the segregated public housing system which has resulted from CHA’s unconstitutional site selection and tenant assignment procedures.” Plaintiffs have made it clear they seek one-for-one replacement of the Lathrop units as a condition of approving CHA’s plan, and that no General Area unit anywhere in the city may be eliminated, without being replaced.

To our knowledge, Section VIII of the judgment order has never been construed by this Court. The plaintiffs’ construction is inconsistent with the terms of the 1969 judgment order, and inconsistent with federal law.

First, the entire purpose of the Lathrop redevelopment plan is to integrate public housing residents, both racially and economically, into the larger community. Alvarez, ¶ 9. CHA has demonstrated it can successfully do this with its projects at Horner, Cabrini, ABLA, and in several South Side locations. Currently, Lathrop is an island of poverty in a sea of plenty. The goal of the plan is to change that by developing a mixed-income community, just like the many other such communities this Court has approved.¹¹ Far from violating Section VIII of the judgment order, the plan at Lathrop implements it. We do not read the plaintiffs’ brief to disagree on this point (“the Plan appears to further purposes of the Judgment Order,” Pltf.s Br., at 5).

Second, the judgment order does not contain any language that prohibits CHA from substituting affordable and market units for public housing units, where the goal is to foster integration. Nowhere is there a floor placed on the number of public housing units or a

¹¹ Based on the CHA’s experience at other mixed-income developments, the proportion of African-American residents on the Lathrop site (currently 62.5%) will be reduced, as market and affordable residents come to live at Lathrop.

prohibition on converting these units so that a mixed-income community can thrive.

Third, all public housing redevelopment in this country was essentially stymied, for many years, because federal law required that any redevelopment had to replace “lost” public housing units on a one-for-one basis. This created costs and burdens that directly contributed to the deterioration of public housing, and the high vacancy rates in existing public housing developments.¹² The provision at issue was *42 USC § 1437p(b)(3) (1995)*, which prohibited the Secretary of HUD from approving the demolition of any public housing unless the local housing authority had developed a plan to provide one “decent, safe, sanitary and affordable housing dwelling unit for each public housing dwelling unit to be demolished.” In the 1995 Rescissions Act, Congress abrogated the duty of a housing authority to replace housing on a one-for-one basis. Pub. L. 104-19, 109 Stat. 235, at §1002(a)(d) (July 27, 1995). Once the “one-for-one rule” (as it came to be known) was abolished, public housing redevelopment became possible. In Chicago, this has taken the form of the Plan for Transformation where mixed-income development is up and running at 44 sites, and over 22,000 units of new or newly rehabilitated units have been completed.

Plaintiffs’ reading of Section VIII of the judgment order would reinstate the “one-for-one

¹² See, e.g. the remarks of Rep. Collin Peterson, who sponsored the bill that eliminated this provision: “It’s a catch 22. Housing authorities can’t demolish buildings unless they can replace every unit, but there isn’t enough development money to replace the units. As a result, many buildings remain vacant or mostly vacant for years. They become a hazard to the neighborhood, increasing urban blight, drugs and crime in and around public housing. Millions of Federal dollars are wasted on these vacant units.” Congressional Record, Vol. 140, Issue 48 (April 28, 1994).

rule,” insofar as General Area public housing units are concerned. This is inconsistent with federal housing law, and absent express authorization for this onerous requirement in the 1969 order itself (which does not exist), it is unwarranted.

III. CHA’S EFFORT TO DEVELOP PUBLIC HOUSING ON THE NORTH SIDE OF THE CITY IS NOT SUBJECT TO THIS COURT’S OVERSIGHT

As the plaintiffs point out (Pltf.’s Br., at 5), CHA’s Chief Executive Officer has publicly committed the Authority to provide 525 “housing opportunities” on the north side of the city. He did so in a letter to Alderman Moreno dated February 10, 2016 (Alvarez, ¶ 10, Item 2), and in the Section 106 (historic preservation) Consultation process on September 20, 2016 (Pltf.’s Exh. B). CHA stands by this commitment. This will be a very difficult task that will require the cooperation of developers, landlords, neighborhood groups, the city,¹³ conventional and public sources of financing, HUD (whose policies on virtually all matters are now uncertain) and others. Nonetheless, this effort (if successful) will compensate for public housing units that will no longer be located on the Lathrop footprint because of mixed-income development on the site but is also consistent with CHA’s overall effort to increase public housing opportunities on the north side. While the plaintiffs contend that CHA seeks to evade any “legal obligation” to follow through on this pledge (Pltf.’s Br., at 5), the real dispute is whether CHA or the plaintiffs will

¹³ The uncertainties attendant to this task include how the City’s 2015 Affordable Housing Ordinance (Ch. 2-45-115 of the Municipal Code) will be interpreted and enforced. Historically, developers have paid money to the city so that they did not have to provide affordable housing as part of market developments. The new ordinance may limit this option for developers, while increasing the percentage commitment to affordable units. But it is too early to tell how this will play out for CHA, as it approaches developers in order to secure public housing units.

determine the nature of these 525 “housing opportunities.”¹⁴ The dispute has three parts:

A. Seniors. Lathrop has always housed an older population, in large part because it had so many one-bedroom units, Alvarez, ¶ 4. Indeed, of the 144 households that remain at Lathrop, 64 households are headed by residents 62 years of age and older. 70 of the 245 people still living at Lathrop are elderly. The 91-unit elderly building on the Lathrop property (which is not part of the redevelopment plan) is full, except for two vacancies. Id., ¶ 5.¹⁵ As such, CHA believes that a significant portion of the 525 “housing opportunities” to be provided on the north side should be for those 62 and older, i.e. the elderly. The plaintiffs, however, take the position that none of the replacement housing units may be in buildings with an age-restriction. The plaintiffs argue that the existing Lathrop units are *Gautreaux* units (though built long before the *Gautreaux* judgment order) and therefore must be replaced, on a “one-for-one” basis by “Dwelling Units” under the judgment order, i.e. by family units. For the reasons set out in Section II above, CHA believes this constraint on its “housing opportunity” program is not warranted by the 1969 judgment order.

B. Project-Based Vouchers. The project-based voucher program (called the Property Rental Assistance (“PRA”) Program at CHA) has become a very effective tool, in terms of providing public housing, particularly in General and Opportunity areas. Essentially, CHA enters into a contract (called a Housing Assistance Payment (“HAP”) contract) with a developer or

¹⁴ CHA has consistently agreed that it will report to the *Gautreaux* plaintiffs, as well as others, on the nature and number of units acquired through this plan.

¹⁵ As of June 30, 2016, there were 159 households that needed to be housed at the new Lathrop because they were existing Lathrop households or persons from other CHA developments that sought to be housed at Lathrop. 87 of these households or persons (54.7%) needed only a one bedroom unit. Alvarez, ¶ 4.

landlord, by which rent is guaranteed for a unit and the developer or landlord agrees to house a public housing family. The contracts can run for five years, up to thirty years. Alvarez, ¶ 12. The plaintiffs demand that each of these project-based voucher contracts aggregate at least 20 years.¹⁶ Currently, 66% of CHA's project-based voucher contracts are for less than twenty year terms. Id. The reason is plainly apparent. Developers and landlords, particularly on the north side, are reluctant to commit themselves to a relationship with CHA and its tenants for twenty years. Some of this is due to concerns about CHA and its tenants; some of it is a reluctance to tie up a unit for that long, without knowing where the market for rents is going. Alvarez, ¶ 12. CHA believes the better and more effective approach is to utilize shorter term project-based contracts for a five-year period. If the relationship is successful, the contract may be renewed for an additional term. If not, the agreement is terminated and new developers and landlords will be sought. The administration of the project-based voucher program is a task uniquely suited to local government and, absent some kind of finding that CHA has used this program in a discriminatory fashion, it should fall outside the reach of the *Gautreaux* court. *See, Gautreaux v CHA*, 981 F.Supp. 1091, 1093-94 (N.D. Ill. 1997) (declining to bring the §8 rent subsidy program under the *Gautreaux* judgment order).

C. Opportunity Areas. The 1969 judgment order permits CHA to develop housing in any General Area, without prior *Gautreaux* Court approval. So, to the extent that the CHA provides "housing opportunities" in such General Areas, there can be no question it is

¹⁶ Initially, plaintiffs took the position that each contract had to be executed for a twenty-year term, but now appear open to a system where a project-based voucher may be for a five year term, but would not count as a replacement housing unit, until the contract has been renewed for up to twenty years.

permissible. The parties here, however, have recognized that there are Limited Area Census tracts (or parts of those tracts) on the north, west and south sides of the city where poverty is low and subsidized housing is limited, thus creating “opportunity areas” where public housing families can flourish. In fact, the parties mapped these areas and attached them to orders entered on November 6, 2014 and August 6, 2015 (governing replacement housing for the Horner superblock and the Altgeld development respectively). CHA believes that the “opportunity areas” on the north side should be expanded to include areas with less than a 22.7% poverty rate and less than 5% subsidized housing, and even further expanded to pick up important neighborhoods that exceed these thresholds but are still attractive to public housing families (e.g. Logan Square, Lincoln Square, Albany Park, Lakeview and Edgewater (near Loyola University). Alvarez, ¶ 10, Item 3. While the plaintiffs have agreed to talk with CHA about adding these areas, and several discussions have been held, the order they propose for Lathrop does not agree to these areas. CHA believes it should be given the flexibility to investigate these areas and when viable development opportunities are located, present them to the *Gautreaux* court for its approval (if they are not in a General Area).

IV. CONCLUSION

For the reasons set out above, the CHA requests that the Court deny the plaintiffs’ motion.

/s/Thomas E. Johnson
One of the Attorneys for the CHA

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Attorneys for the CHA

CERTIFICATE OF SERVICE

Thomas E. Johnson, hereby certifies that on this 29th day of November, 2016, I caused to be served, via electronic mail through the Court's ECF system, a true and correct copy of **Defendant Chicago Housing Authority's Brief in Response to Plaintiffs' Motion for an Order Authorizing Mixed Income Redevelopment of Lathrop Homes, and For Other Relief** on counsel of record:

Alexander L. Polikoff
Julie Elena Brown
BPI
25 East Washington St., Suite 1515
Chicago, IL 60602
Email: a.polikoff@bpichicago.org
Jbrown@bpichicago.org

/s/ Thomas E. Johnson

DECLARATION OF ANTHONY ALVAREZ

Anthony Alvarez, being first duly sworn on oath and having personal knowledge of the facts set forth herein, states as follows:

1. I have served as the Development Manager for the Chicago Housing Authority's ("CHA's") Office of Development Management, with particular responsibility for the planning and redevelopment of CHA's Lathrop development.¹ As such, I have personal knowledge of the Lathrop site and its history, the Lathrop residents on-site and off-site, the plans of our competitively selected developer at Lathrop (Lathrop Community Partners, LLC—composed of Related Midwest, LLC, Bickerdike Redevelopment Corporation and Heartland Housing, Inc.), our efforts to finance the development, the CHA Board of Commissioners actions to date, and our Chief Executive Officer's plan to create 525 "housing opportunities" on the north side of the City of Chicago.

2. On June 21, 2016, the CHA Board of Commissioners approved a resolution authorizing Phase IA of the Lathrop redevelopment plan. A copy of the Board's resolution is attached hereto as Item 1. The Board resolution further authorized CHA to submit an application to HUD for the lion's share of the money through HUD's Rental Assistance Demonstration ("RAD") program.² Thereafter, HUD provided a commitment to CHA permitting CHA to

¹ Recently, I was named Manager of the Business Development Department for CHA's Section 3 Field Office, but am continuing with my Lathrop responsibilities through the closing of Phase IA at Lathrop.

² The balance of the money for Phase IA will come from Low-Income Housing tax credits made available by the city and state, Donation tax credits from the state (if the sunset of the Donation tax credit law is overturned by the legislature), historic preservation tax credits and private equity.

transition the existing Phase IA Lathrop units to the RAD program, subject to environmental clearance for the site and an acceptable, comprehensive financing plan. When completed, Phase IA will provide 151 public housing units, 101 affordable units (for families earning 60% or less of the Chicago area median income), and 161 market units. A closing on Phase IA is planned for January of 2017.

3. While the vision for Lathrop is larger than Phase IA (which involves the area north of Diversey and west of Clybourn Avenues), so far CHA's Board of Commissioners has only approved Phase IA, CHA has only sought funding for Phase IA of the project, and only Phase IA has drawings and plans with specific unit counts, unit mixes, and locations. The larger plan at Lathrop calls for a total of 1,116 units, including 401 public housing units.³

4. The current Lathrop site was constructed in 1938 by the Public Works Administration. It was one of the first public housing developments in Chicago. Because of its architectural significance, it was placed on the National Register of Historic Places in 2012. (The architects who designed it included Robert DeGolyer, E.E. Roberts and Hubert Burnham; the grounds were designed by Jens Jensen.) It consists of two-to-four story low-rise buildings. It contains 925 family public housing units. 460 of these units are one-bedroom units, and 406 are two-bedroom units. Because of the smaller unit sizes, Lathrop has always had more seniors in residence (i.e. persons age 62 or older). Currently, only 144 units at Lathrop are occupied. 123 of these families

³ Phase IB involves 216 units, 78 of which are for public housing. While the developer has proposed a unit count and mix for Phase IB, CHA's Board of Commissioners has not approved it, and there is no funding commitment for Phase IB. Phase IB involves new construction of a single building with 40 units, only 14 of which are for public housing families. The balance of Phase IB involves rehabilitation of four additional, existing Lathrop low-rise buildings that date back to well before 1969.

have a right of return under the Relocation Rights Act, i.e. a right to permanent replacement housing as part of CHA's Plan for Transformation. 21 of the families currently in residence have occupancy that post-dates October 1, 1999, and so have no right of return. In addition, there are 26 former Lathrop families who live off-site and seek a return to Lathrop. There are 10 families from other CHA developments, who have not yet been provided permanent replacement housing under the Plan for Transformation, but have selected Lathrop as their ultimate replacement housing---these families live at sites other than Lathrop. Thus, under the Relocation Rights Contract, CHA must accommodate a total of 159 families at Lathrop. Of these 159 families, 87 (54.7%) only need a one-bedroom unit.

5. While the current Lathrop site contains 144 occupied apartments, 245 persons live at the site. 153 of these people are African-American, 78 are Hispanic and 14 are white. Of these persons, 70 are seniors, i.e. 62 years of age or older. There is a senior development at the Lathrop site, which is not part of the plan for redevelopment, that is full except for two vacancies.

6. The Lathrop development is entirely located in a General Area of the City of Chicago, i.e. on a census tract that is less than 30% African-American. It is located between the Bucktown and Roscoe Village neighborhoods on the north side of Chicago. Tenant assignment to Phase IA (and the balance of the development, if completed) will not consider a tenant's race.

7. Phase IA of the Lathrop plan calls for the new construction of a single 59 unit mid-rise building. It will contain only one and two-bedroom units. The plan calls for 21 of these units to be set aside for public housing residents, 13 units will be for affordable families or individuals, and 25 will be for market families. This building will house less than 120 public housing individuals. The balance of Phase IA involves the rehabilitation of the fourteen existing low-rise

buildings on the ground.

8. All of the fourteen existing low-rise buildings will be retained on site. Their exteriors will remain as they are, which is required because of the historic nature of these buildings. Windows and doors used will replicate the original architectural design, and all ornamentation will be preserved. The historic landscaping at the development will also be retained, including Jens Jensen's Great Lawn. The administration building will also be preserved. The core and structure of each of the low-rise buildings will remain unchanged, but the interiors will be rehabilitated, principally to deal with new building code requirements. As the units were originally constructed in the 1930s, they cannot satisfy the current codes. In addition, some units will be combined, as small units predominate at Lathrop. The purpose of combining units is to satisfy accessibility requirements, and to create more marketable units.

9. The overarching purpose of developing Lathrop as a mixed-income site is to integrate the Lathrop families, both racially and economically. Further, the plan will integrate the Lathrop community into the surrounding neighborhood. Based on CHA's experience at the old Cabrini site (also on the north side of the city), and the character of the neighborhood where Lathrop sits, we are confident that public housing residents at Lathrop will live in a racially integrated community, far more so than is currently the case, and have access to the surrounding neighborhoods' many resources.

10. Phase IA will eliminate 309 public housing units from the site, in order to make mixed-income development possible. If the entire Lathrop plan is built out, as conceived, a total of 524 public housing units will no longer be on the Lathrop site. CHA's Chief Executive Officer has publicly promised to provide 525 "housing opportunities" to compensate for this loss of

public housing units on-site. He did so in a letter to Alderman Moreno, dated February 10, 2016 (attached as Item 2 hereto), as well as in the Section 106 Consultation process. These “housing opportunities” will be on the north side of the city, in General and Opportunity areas. CHA would like to define an Opportunity area as a census tract with less than 22.7% of people below the poverty line and less than 5% subsidized housing. In addition, there are certain census tracts that barely miss this standard for anomalous reasons, e.g. the census tract that includes Loyola University in Rogers Park barely fails the poverty test because of the number of students living there with little income of their own. A map of the Opportunity Areas CHA proposes is attached as Item 3 hereto. CHA understands that any acquisition in an Opportunity Area that is not a General Area would require Gautreaux court approval, unless it is a senior unit. CHA will seek to acquire these “housing opportunities” by acquiring existing properties, building new units, and entering into Housing Assistance Payment contracts under its Property Rental Assistance (“PRA”) program with developers and landlords. Under the PRA program, the CHA contracts with a private landlord to provide a unit for a public housing family, in exchange for guaranteed rent from the CHA. It is hoped that the newly amended 2015 City Affordable Housing Ordinance will assist the CHA, to the extent that it requires developers of new construction to set aside affordable units in their developments.

11. CHA seeks to include senior units in its 525 “housing opportunities”, i.e. units for persons 62 years of age and older. This is because the Lathrop community has always had an inordinate number of seniors living there, given the small bedroom sizes. Currently, 70 of the 245 persons living at Lathrop are elderly. This is in addition to the nearly full, 91-unit senior development that will remain at Lathrop following redevelopment. Demand for senior units is

high, and the CHA has numerous opportunities to locate senior units in circumstances that are not suitable for families. For example, the City seeks to utilize the upper floors of neighborhood library buildings for seniors.

12. The PRA program has been a successful tool in securing commitments for family public housing units. Under HUD's rules, a Housing Assistance Payment contract with a landlord or developer can run for a minimum of five years, to a maximum of thirty years. The contracts can be renewed. Because landlords are often concerned about housing public housing families, and about contractually committing units to CHA rents for long periods of time, they tend to prefer short-term contracts. This is particularly true on the north side of the City. So, currently 66% of CHA's HAP contracts are currently for less than twenty year terms. CHA needs the flexibility to enter into five-year HAP contracts, earn the landlords' cooperation and support for the program, in the hope of then renewing that contract for another five years.

Signed under penalties of perjury.

/s/ Anthony Alvarez



CHICAGO HOUSING
AUTHORITY

June 21, 2016

Item No. 13

AUTHORIZATION TO: 1) COMMIT CHICAGO HOUSING AUTHORITY FUNDS NOT TO EXCEED \$75,000,000 FOR REDEVELOPMENT AND REMEDIATION ACTIVITIES FOR JULIA C. LATHROP HOMES (LATHROP) PHASE 1A; 2) SUBMIT A PROJECT-BASED VOUCHER (PBV) RENTAL ASSISTANCE DEMONSTRATION (RAD) FINANCING PLAN TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) AND ENTER INTO A RAD CONVERSION COMMITMENT FOR LATHROP PHASE 1A; 3) EXECUTE A PBV RAD HOUSING ASSISTANCE PAYMENT (HAP) CONTRACT FOR 151 UNITS AND EXECUTE SUCH OTHER DOCUMENTS AS MAY BE REQUIRED FOR THE FINANCING AND OPERATION OF LATHROP PHASE 1A; 4) CONVEY THE LATHROP PHASE 1A BUILDINGS BY DEED AND GROUND LEASE THE LAND; AND 5) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.

Address: Julia C. Lathrop Homes Phase 1A, Property bounded by Clybourn Avenue on the north and east, Diversey Parkway and south parcel on the south, and the Chicago River on the west.

Aldermen: Joe Moreno Ward: 1st and Scott Waguespack Ward: 32nd

Presenters: Diana Liu, Chief Development & Construction Officer
Kari Saba, Deputy Chief Development Officer
Anthony Alvarez, Development Manager

Recommendation

The Chief Executive Officer (CEO) recommends that the Board of Commissioners of the Chicago Housing Authority (Board) authorize the CEO or his designee to: 1) Commit Chicago Housing Authority funds not to exceed \$75,000,000 for redevelopment and remediation activities for Julia C. Lathrop Homes (Lathrop) Phase 1A; 2) Submit a Project-Based Voucher (PBV) Rental Assistance Demonstration (RAD) Financing Plan to the United States Department of Housing and Urban Development (HUD) and enter into a RAD Conversion Commitment for Lathrop Phase 1A; 3) Execute a PBV RAD Housing Assistance Payment (HAP) Contract for 151 units and execute such other documents as may be required for the financing and operation of Lathrop Phase 1A; 4) Convey the Lathrop Phase 1A buildings by deed and ground lease the land; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

— —

Item 1

The requested action complies in all material respects with all applicable federal, state and local laws, and CHA Board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

Funding

Not-to-Exceed \$75,000,000 in CHA funds for redevelopment of the property, including remediation activities.

Compliance

Subject to compliance with M/W/DBE & Section 3 Participation.

Background

Julia C. Lathrop Homes (Lathrop) was constructed in 1938 and consisted of 32 low-rise buildings for a total of 925 units on 34 acres of land. Lathrop was one of the original three "demonstration projects" which were the first public housing developments in the city of Chicago.

Existing Unit Configuration – 100% Public Housing Units:

1-BR 460	2BR 406	3BR 59	TOTAL 925
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The overall revitalization plan for historic Lathrop includes a multi-phased, mixed-income, mixed-use development that will be conducted over three on-site phases and will consist of 1,116 total residential units and approximately 50,000 square feet of commercial space.

Development Entities

- The Request for Qualifications was issued in January, 2010 for a master planning developer and property management team for the redevelopment of Lathrop.
- On October 19, 2010, the CHA Board approved the selection of Lathrop Community Partners, LLC, an Illinois limited liability company (LCP) consisting of Heartland Housing, Inc. (Heartland), Related Midwest, LLC (Related), Bickerdike Redevelopment Corporation (Bickerdike), Magellan Development Group, LLC (Magellan) and Ardmore Associates, LLC (Ardmore) as the master development team.
- On October 1, 2011, CHA entered into a Contract for Redevelopment of Julia C. Lathrop Homes (Agreement) with LCP. This Agreement was amended on June 19, 2015 to allow for the withdrawal of Magellan and Ardmore from the development team.

Project Profile – Phase 1A

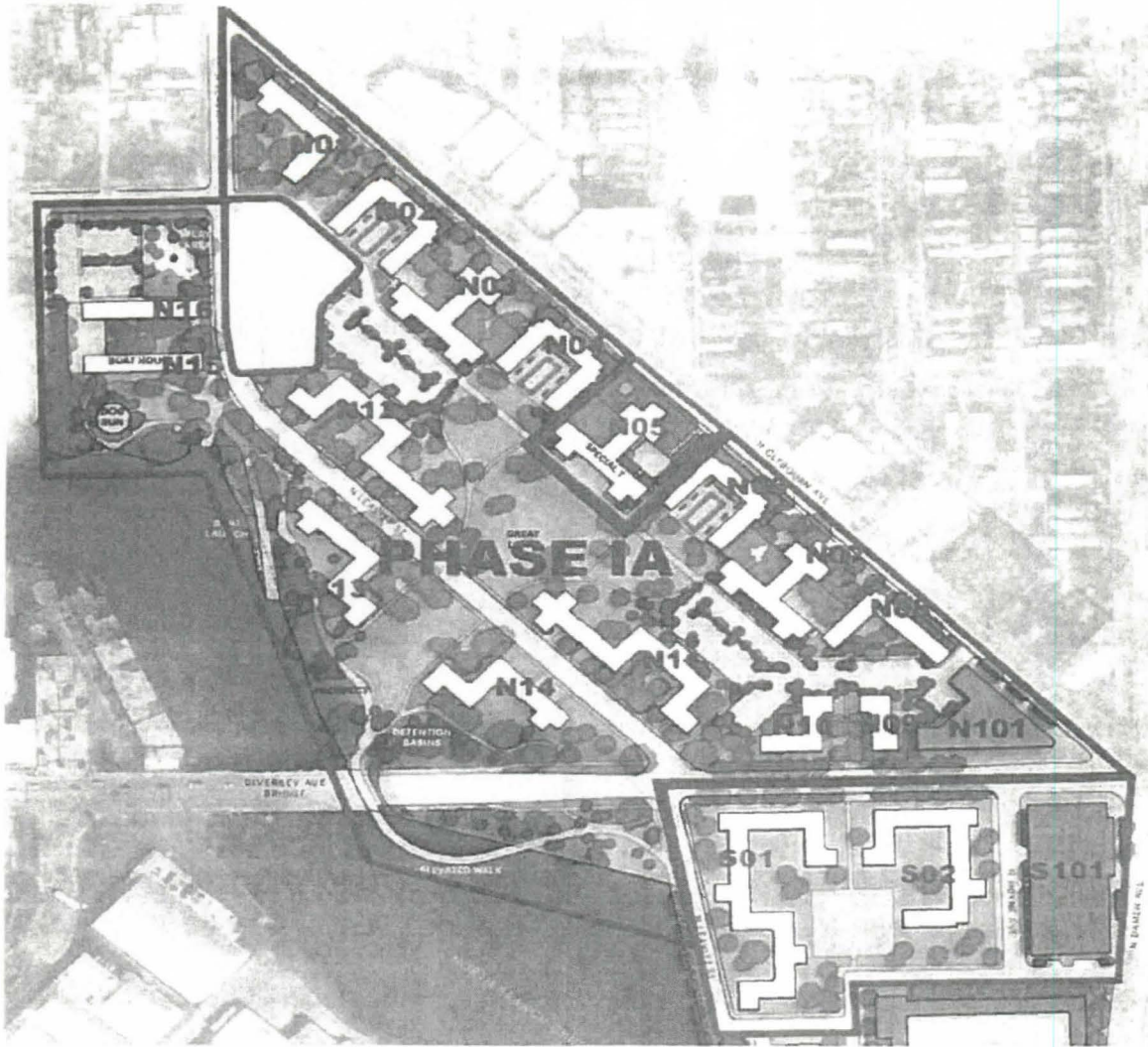
- The first phase of Lathrop is composed of two sub-phases, Phase 1A and Phase 1B. Phase 1A is the subject phase of this board item.
- Phase 1A will include the development of 413 total units (including 151 CHA, 101 affordable and 161 market rate units), which includes the historic preservation of 15 existing buildings, demolition of one non-residential building and one new construction mid-rise, mixed-use building on the north-west corner of Clybourn Avenue and Diversey Parkway.
- The scope of work includes unit reconfiguration, meeting accessibility requirements, and the replacement/refurbishment of all major systems.

- Site improvements include installation of the northern portion of river walk along the Chicago River for recreational use and improvement of the "Great Lawn" and other proposed public park spaces.
- This rehabilitation/new construction activity is expected to be completed within approximately 24 months of a financial real estate closing and RAD conversion.



Phase IA Site Details

- **Site boundaries:** Clybourn Avenue on the north and east, Diversey Parkway and south parcel on the south, and the Chicago River on the west.
- **Site Dimensions:** Phase IA includes a total gross site area of approximately 16 acres.
- **Green Space:** Phase IA includes approximately 11 acres of greenspace, including the historic Great Lawn. There will also be public access to the Chicago Riverfront.
- **Community Area:** West Lakeview
- **Transit:** Bus lines are located adjacent to the property Damen and Diversey.



	CHA UNITS	Affordable – 60% AMI	Affordable – 80% AMI	Market Rate (Unrestricted)	Total
Studio	0	0	3	15	18
One Bedroom	55	52	7	100	214
Two Bedroom	56	28	0	46	130
Three Bedroom	34	11	0	0	45
Four Bedroom	6	0	0	0	6
Total	151	91	10	161	413
%	37%	22%	2%	39%	

CHA Financing

The not-to-exceed total CHA funding of \$75,000,000 will provide funds for project redevelopment activities, including remediation. The total estimated project budget of \$173,555,471 for the redevelopment of Lathrop Phase 1A covers the historic rehabilitation of 15 buildings, demolition of one building and new construction of one mixed-use building. CHA plans to provide approximately \$56,671,000, or \$375,305 for redevelopment of each of the 151 CHA units, for the project budget. CHA also plans to fund an amount not to exceed \$18,329,000 for remediation and other CHA and HUD required redevelopment activities.

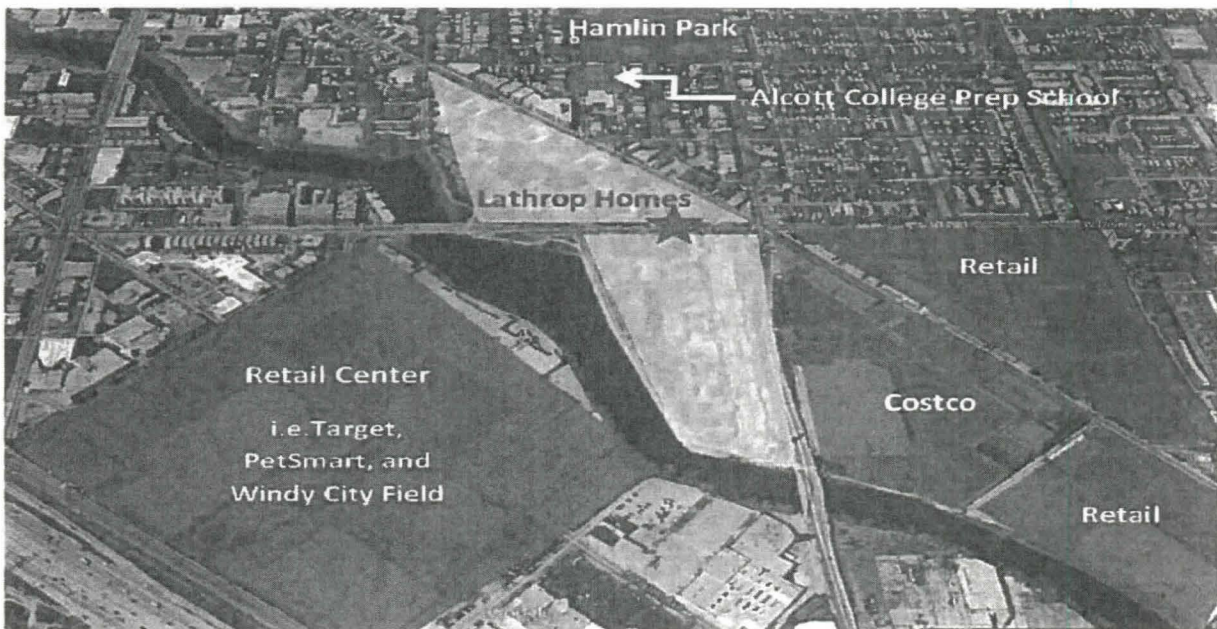
Rental Assistance Demonstration and Housing Assistance Payment Contract

- Submit a RAD Financing Plan to HUD and enter into a RAD Conversion Commitment for Lathrop.
- Execute a PBV RAD HAP Contract for 151 units.
- Residents will continue to pay 30% of their income towards rent.

Land and Property

- Lathrop Phase 1A buildings will be conveyed by deed and the land will be ground leased to the owner entity.

Neighborhood Context



Community Amenities

Retail Corridor

Retail corridors are located just a short walk from the Lathrop community. Lathrop residents can meet day-to-day needs and access a variety of shops including:

- Clybourn Corridor: Costco (Anchor), ALDI, Jewel, Ulta, Chase and Menards.
- Elston Corridor: Target (Anchor), Strack & Van Til, Home Depot, HomeGoods, Micro Center, Potbelly, Chipotle, T-Mobile, Verizon Wireless and Vitamin Shoppe.

Schools

Alcott College Prep Pre-K through 12 is located in the Lathrop community. Other schools in the area include, Jahn, Prescott, and Burley elementary schools.

Parks

Hamlin Park is located just 3 blocks north of Lathrop, approximately eight acres with various amenities including:

- Fitness center with programs for adults and children
- Two gymnasiums
- Assembly hall (with stage), a kitchen, and clubrooms for rent
- Swimming pool
- Two senior and two junior baseball fields
- Combination football-soccer field
- Basketball court
- Two tennis courts
- Playground
- Dog friendly area

Infrastructure Improvements

- In 2002 the Damen Avenue Bridge was reconstructed.
- Improvement of the Damen – Elston – Fullerton intersection will realign Elston to bypass the current intersection and cross Fullerton one block east of the current intersection. This work is scheduled for completion in 2016.

Respectfully Submitted:

A handwritten signature in dark ink, appearing to read "Diana C. Liu", is written over a horizontal line.

Diana C. Liu, Chief Development & Construction Officer

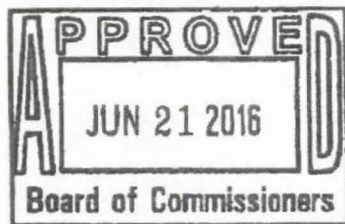
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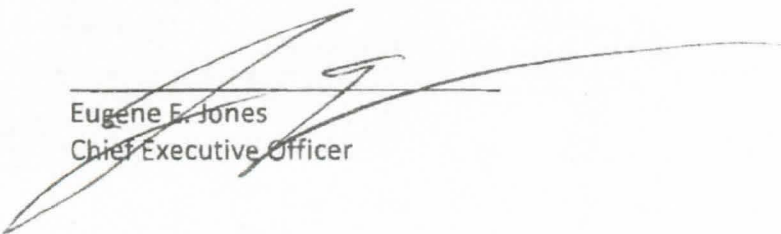
WHEREAS, The Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated June 21, 2016 entitled "Authorization to 1) Commit Chicago Housing Authority funds not to exceed \$75,000,000 for redevelopment and remediation activities for Julia C. Lathrop Homes (Lathrop) Phase 1A; 2) Submit a Project-Based Voucher (PBV) Rental Assistance Demonstration (RAD) Financing Plan to the United States Department of Housing and Urban Development (HUD) and enter into a RAD Conversion Commitment for Lathrop Phase 1A; 3) Execute a PBV RAD Housing Assistance Payment (HAP) Contract for 151 units and execute such other documents as may be required for the financing and operation of Lathrop Phase 1A; 4) Convey the Lathrop Phase 1A buildings by deed and ground lease the land; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing."

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:

THAT, The Board of Commissioners authorizes the Chief Executive Officer or his designee to: 1) Commit Chicago Housing Authority funds not to exceed \$75,000,000 for redevelopment and remediation activities for Julia C. Lathrop Homes Phase 1A; 2) Submit a Project-Based Voucher (PBV) Rental Assistance Demonstration (RAD) Financing Plan to the United States Department of Housing and Urban Development (HUD) and enter into a RAD Conversion Commitment for Lathrop Phase 1A; 3) Execute a PBV RAD Housing Assistance Payment (HAP) Contract for 151 units and execute such other documents as may be required for the financing and operation of Lathrop Phase 1A; 4) Convey the Lathrop Phase 1A buildings by deed and ground lease the land; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is subject to the Contractor's compliance with the CHA's MBE/WBE/DBE/ Section 3 hiring and insurance requirements.




Eugene E. Jones
Chief Executive Officer



February 10, 2016

The Honorable Joe Moreno
Alderman 1st Ward
2740 West North Ave
Chicago, IL 60647

Re: Lathrop Homes

John T. Hooker
Chairperson

Dear Alderman Moreno:

Matthew Brewer
Craig Chico
Mark Cozzi
Dr. Mildred Harris
Harriet Johnson
John G. Markowski
M. Bridget Reidy
Francine Washington
Board of Commissioners

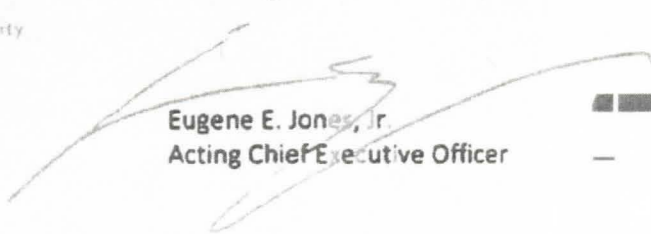
The landscape of public housing in Chicago has been transformed over the course of the last 15 years through CHA's Plan for Transformation and more recently through CHA's Plan Forward. CHA has been successful in reintegrating our public housing residents back into the surrounding neighborhoods because CHA adopted a mixed-income redevelopment model. No longer can people point to a building or a cluster of buildings and identify it as a public housing building or a public housing project. CHA believes that Lathrop Homes is a perfect candidate for a mixed-income redevelopment effort that will ultimately bring back over 600 hundred public housing and affordable units into the community. Without unrestricted housing, Lathrop would continue as an isolated low income area surrounded by one of the more vibrant and diverse neighborhoods on the Northside. CHA will continue to support the Lathrop Community Partners (LCP) mixed income redevelopment approach at Lathrop Homes.

Eugene Jones, Jr.
Acting Chief Executive Officer

Of the 925 public housing units currently at Lathrop Homes, 400 are proposed to be renovated or constructed new as part of the current onsite mixed income redevelopment plan. The remaining 525 public housing units will not be returning to the foot print of Lathrop Homes. In the past, various parties have suggested that CHA construct the 525 public housing units on the north side of the city in general/opportunity areas. CHA is committed to producing 525 new housing opportunities, in general and opportunity areas in the north side of the city, understanding that the timing will be based on the availability and price of properties which must be in accordance with existing law. CHA will work with both developers in the area and hopes to work in partnership with the Aldermen in the areas, with the interested organizations such as Lathrop Partners and others to identify opportunities to acquire buildings, lots and apartments within the area that achieve the mixed.

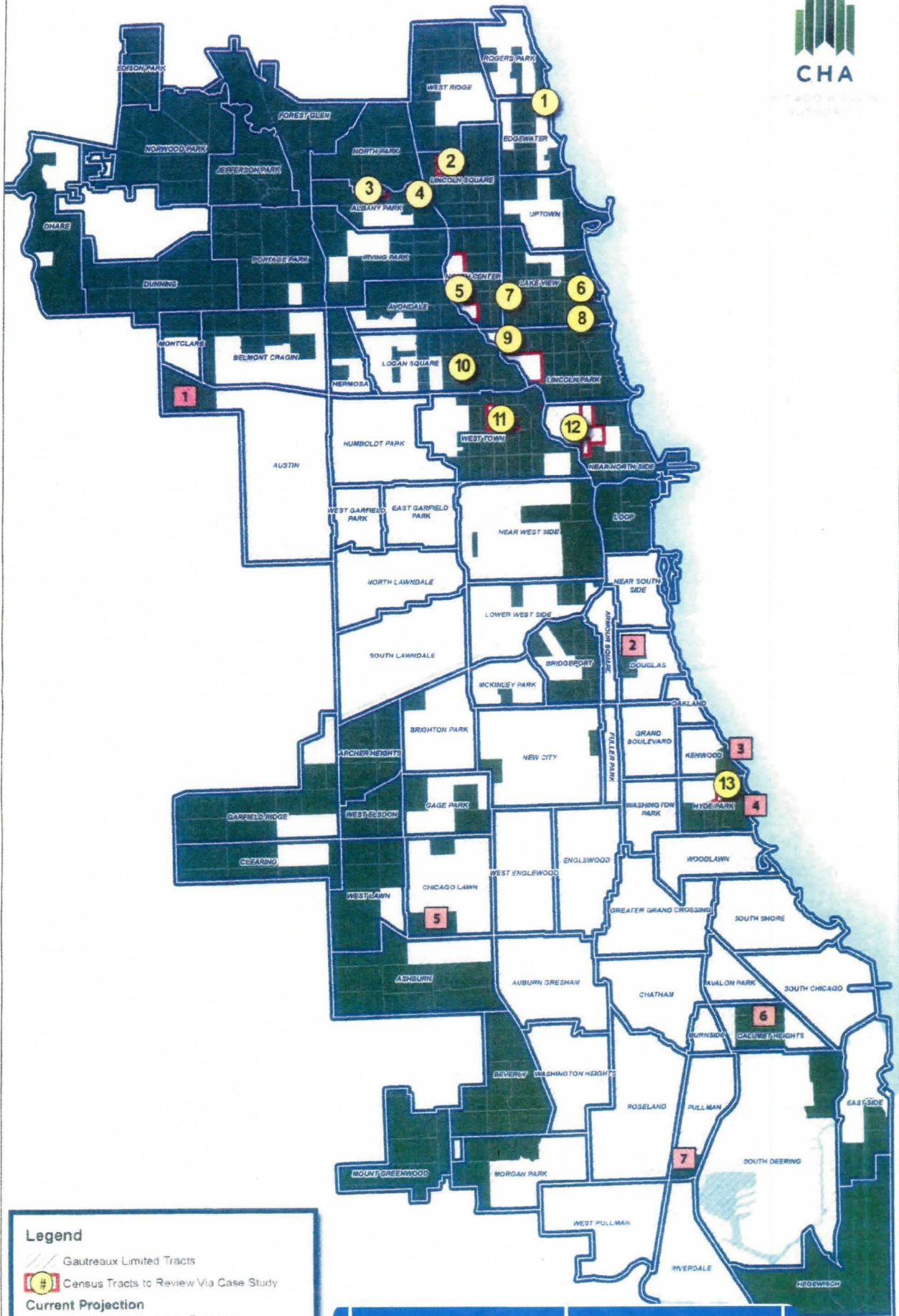
Reports on the success of these efforts will be included in the CHA's quarterly reports.

Sincerely,


Eugene E. Jones, Jr.
Acting Chief Executive Officer

Chicago Housing Authority
60 E. Van Buren
5th Floor
Chicago, IL 60605
312-742-7500
www.thecha.org

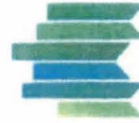
Item 2



Item 3

June
2016

An Update to CHA Opportunity Areas: Inclusion of Select Gautreaux Limited Areas and Other Developing Communities



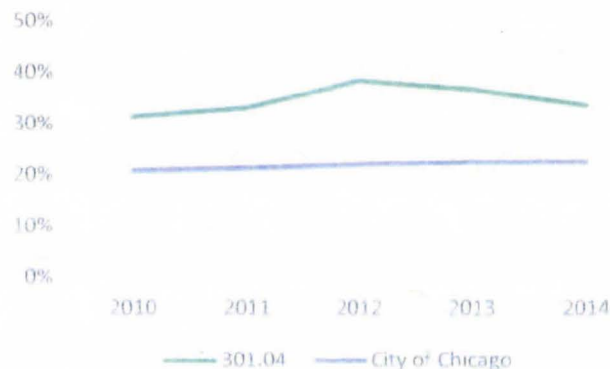
CHA

CHICAGO HOUSING
AUTHORITY

Developing Near OAs: Tract 301.04 in Edgewater

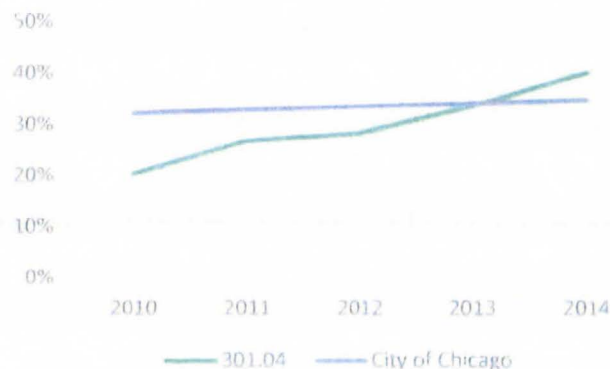
1

Individual Poverty Rate



**Since nearing a 40% individual poverty rate, tract 301.04's poverty rate has been steadily declining.*

Bachelors+ Education Attainment



**Tract bachelor's degree+ attainment has been steadily rising, now surpassing the citywide rate.*

Median Home Value Percent Change



**Losses in tract home value have been both small and large over the 5-year period shown but in 2014, losses were less than the citywide rate.*



This community sits on Loyola University's footprint, gaining access to University-driven development (cafes, restaurants, housing).

The majority of the local population is under 35, median age is 22.

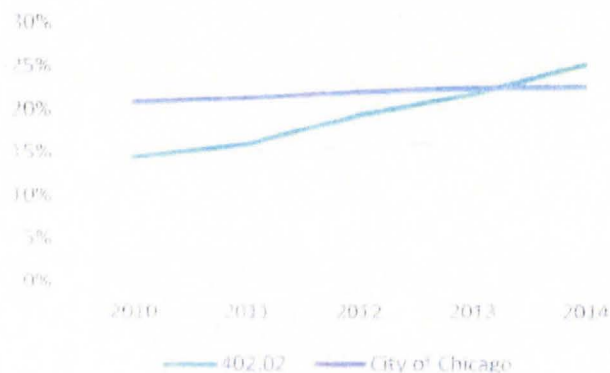
The Red Line 'L' runs through the community with stops in neighboring communities to the north and south.

The individual poverty rate is 33.8% and saturation rate is 1.23%.

Developing Near OAs: Tract 402.02 in Lincoln Square

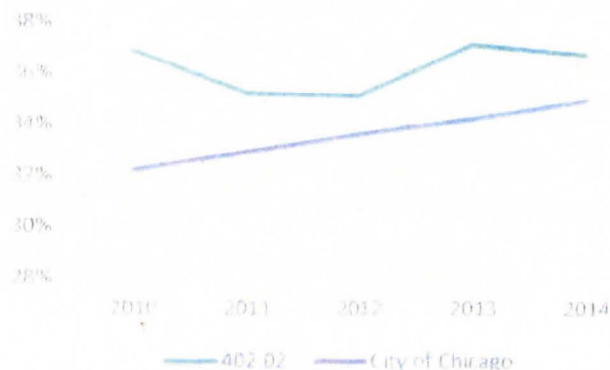
2

Individual Poverty Rate



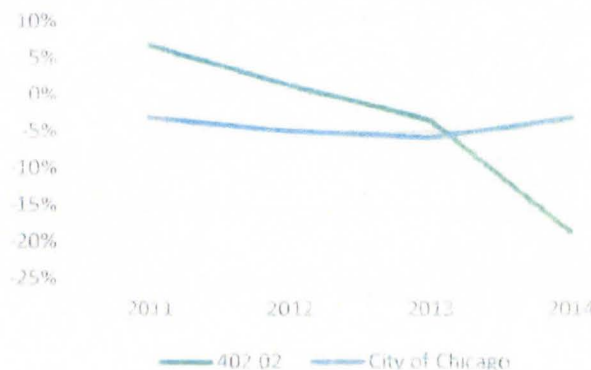
* Tract poverty rate is increasing but is near the citywide rate

Bachelors+ Education Attainment



* There is no apparent trend in bachelor's degree attainment for tract 402.02 though the rate consistently exceeds the citywide rate

Median Home Value Change



* Home values for this tract are dropping, which may be attributable to relatively high vacancy rates and aging housing stock



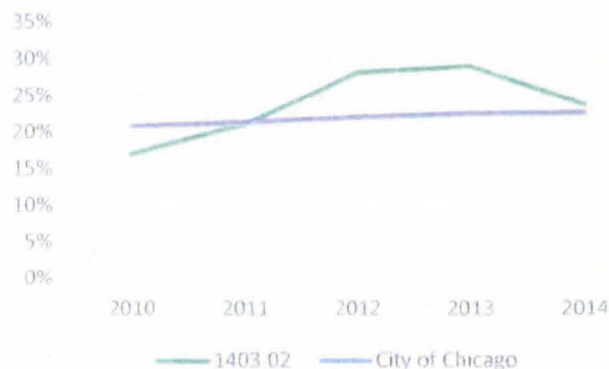
Rental vacancy rate exceeds homeowner vacancy rate (11% and 2.4%), potential creating opportunities for new renters

CTA access includes California, Lincoln and Western Avenue buses

The individual poverty rate is 25.3% and saturation rate is 1.5%

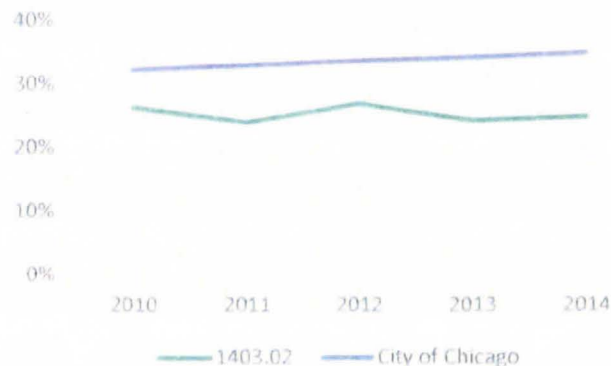
Developing Near OAs: Tract 1403.02 in Albany Park

Individual Poverty Rate



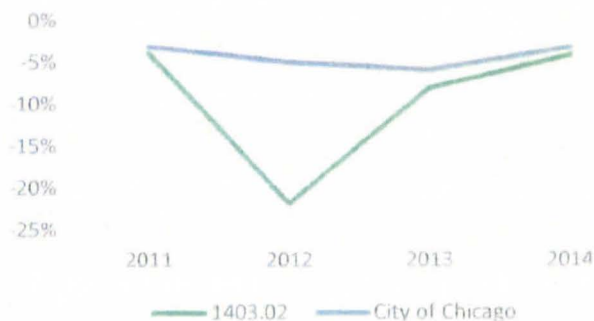
**While Tract 1403.02's poverty rate has climbed in recent years, it is on the decline and meeting the citywide rate.*

Bachelors+ Education Attainment



**Tract 1403.02's bachelor's degree+ attainment hovers around 25%*

Median Home Value Percent Change



**While home values in the community dipped in 2012, median value has been increasing ever since.*



North Park University is located in the community just north of tract 1403.02.

Two-thirds of the population is under 44 years old.

Pulaski and Foster CTA buses service the community.

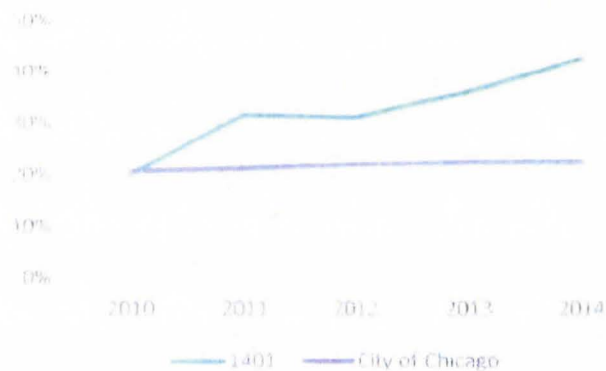
The North Branch Chicago River borders the community to the north, bringing it parks and other recreational public

The individual poverty rate is 23.9% and saturation rate is 1.1%.

Developing Near OAs: Tract 1401 in Albany Park

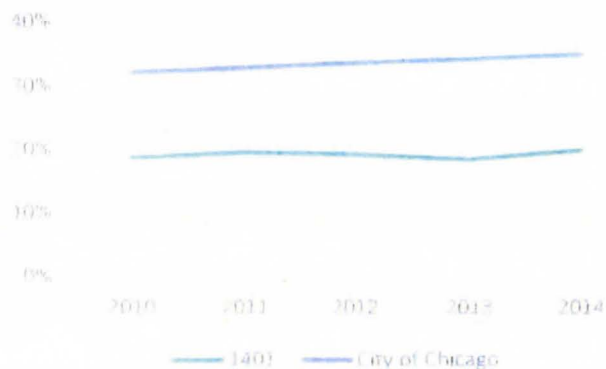
4

Individual Poverty Rate



*Tract 1401's poverty rate has been climbing more quickly than the citywide rate.

Bachelors+ Education Attainment



*Tract 1401's bachelors+ degree attainment hovers around 20%.

Median Home Value Percent Change



*The community's home value change has been negative in recent years, like the citywide change, though both are now dropping by only a few percentage points.



Population has grown over the 5-year period but aged as the majority of residents have moved from the 15-29 bracket to the 25-39 bracket.

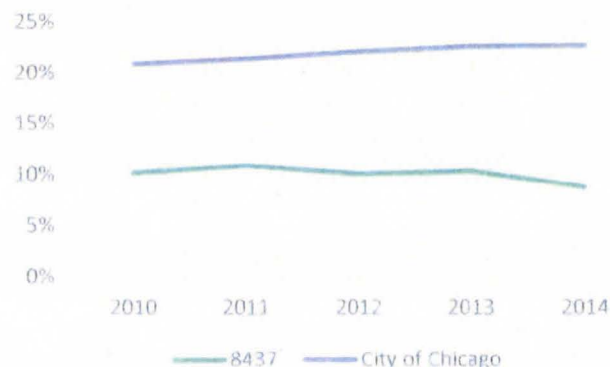
The Lawrence CTA bus services the community, running along the community's southern border and providing access to Lawrence Ave retail.

This community is bounded on north and east sides by the Chicago River, bringing with it parks and recreational public resources.

The individual poverty rate is 42.7% and saturation rate is 1.93%.

Developing Near OAs: Tract 8437 in North Center

Individual Poverty Rate



**Tract 8437's poverty rate is well below the citywide rate and is potentially declining*

Bachelors+ Education Attainment



**Tract 8437's bachelor's degree+ attainment exceeds the citywide rate and hovers around 60% over the 5-year period shown.*

Median Home Value Percent Change



**Tract 8437's home values have been decreasing since 2012. This area is mostly comprised of singly-family, owner-occupied homes.*



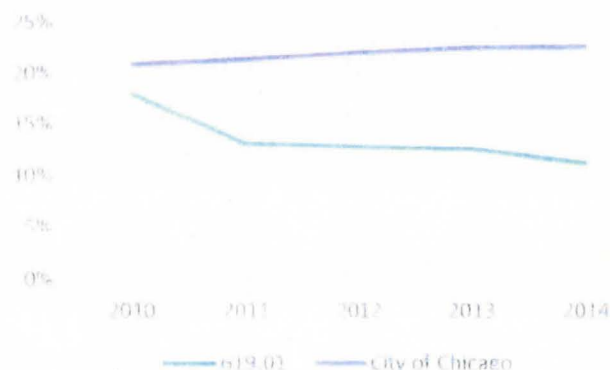
Community resources include Mariano's fresh grocery, Lane Tech College Prep CPS school, and public park space.

Four CTA bus routes provide ample coverage to the community.

The individual poverty rate is 8.8% and saturation rate is 10.3% led by HUD housing with lesser HCV, SS presence, as well.

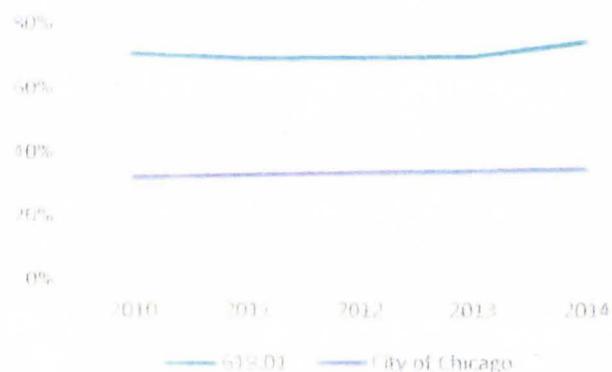
Developing Near OAs: Tract 619.01 in Lakeview

Individual Poverty Rate



*Tract poverty rate has been declining since 2010, when tract poverty rate neared the citywide rate

Bachelors+ Education Attainment



*Bachelor's degree+ attainment rate is well above the citywide rate averaging 35% in 2014

Median Home Value Percent Change



*Home values in this community are rising, while citywide home values are declining



The section of Broadway bordering the community to the west brings retail options such as cafes, restaurants and boutiques

Broadway, Belmont and Lake Shore Drive CTA buses service the community

The individual poverty rate is 11.3% and saturation rate is 6.6% led by HUD housing with lesser HCV presence, as well.

Developing Near OAs: Tract 625 in Lakeview

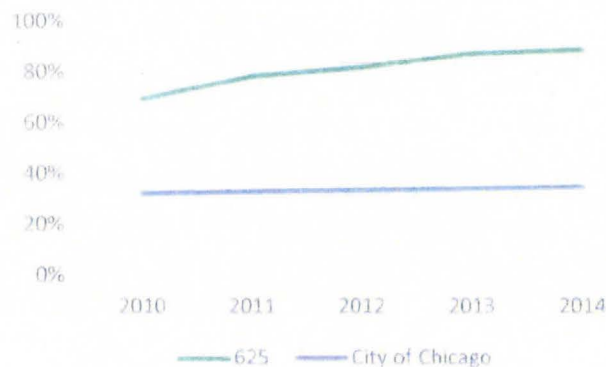
7

Individual Poverty Rate



*Tract 625's poverty rate is well below the citywide rate, remaining below 15%.

Bachelors+ Education Attainment



*Tract 625's bachelor's degree+ attainment now nears 90%.



Median Home Value Percent Change



*Home values in this community are rising, while citywide home values are declining.

Employment has surged from 73.0% to 87.1% between 2010 and 2014.

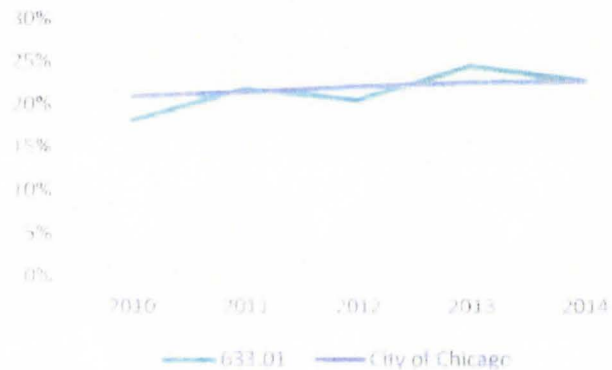
While just north of tract 625, the Paulina Brown Line 'L' stop provides service to the northwest and to the Loop. This is also a new TOD site for Chicago.

The individual poverty rate is 10.4% and saturation rate is 9.42% led by Chicago Low Income Housing Trust Fund properties, with lesser HCV presence, as well.

Developing Near OAs: Tract 633.01 in Lakeview

8

Individual Poverty Rate



**While the tract poverty rate has fluctuated over the time period, it has increased over recent years, now meeting the citywide rate.*

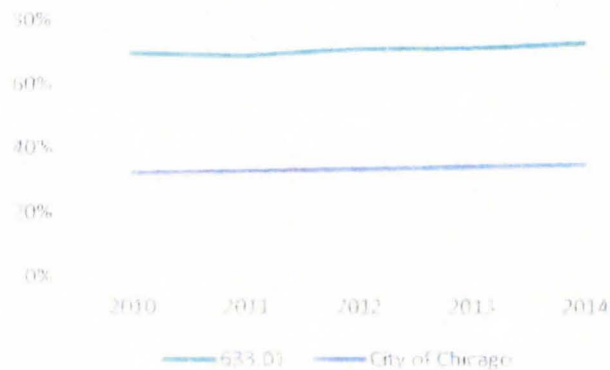


While this area is largely residential, resources such as Saint Joseph Hospital and Lincoln Park are near and accessible.

Wellington, Diversey and Broadway CTA buses service the community.

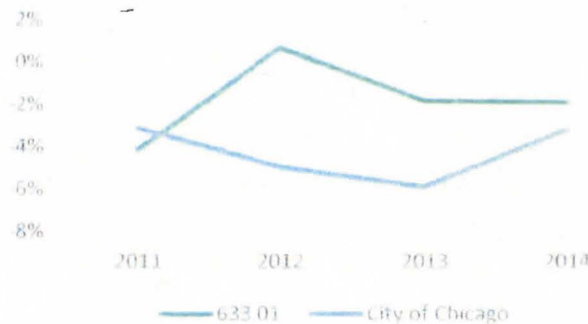
The individual poverty rate is 22.8% and saturation rate is 7.84% led by HUD housing with one HCV household, as well.

Bachelors+ Education Attainment



**Bachelor's degree+ attainment is consistently at a high level, nearing 50% in 2014.*

Median Home Value Percent Change

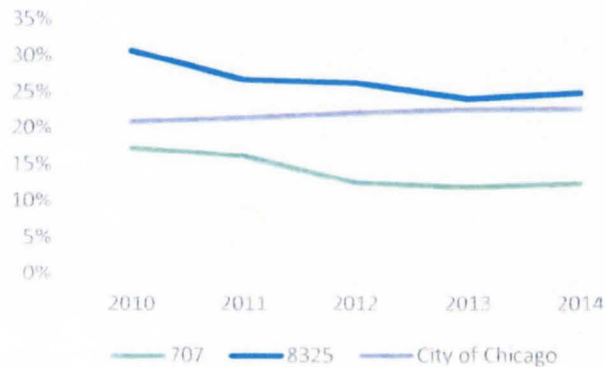


**The tract is seeing decreases in home value though drops are plateauing.*

Developing Near OAs: Tracts 707 and 8325 in Lincoln Park

9

Individual Poverty Rate



*Tract 707's poverty rate is below the citywide rate. Tract 8325's rate has been decreasing near the level of citywide rate in recent years.



DePaul University's campus lies just one mile to the east of the communities presented.

Both communities have large concentrations of population in the 25 to 34 years age bracket - 32.1% and 21% for tracts 707 and 8325, respectively.

Four CTA bus routes provide substantial coverage to both communities.

The individual poverty rates in tracts 707 and 8325 are 12.5% and 25%, respectively.

The saturation rates in tracts 707 and 8325 are 25.3% and 0.3%, respectively. Saturation in 707 is led by HUD housing and CHA family housing.

Bachelors+ Education Attainment



*Rates of bachelor's degree+ attainment in these communities substantially exceed the citywide rate.

Median Home Value Percent Change

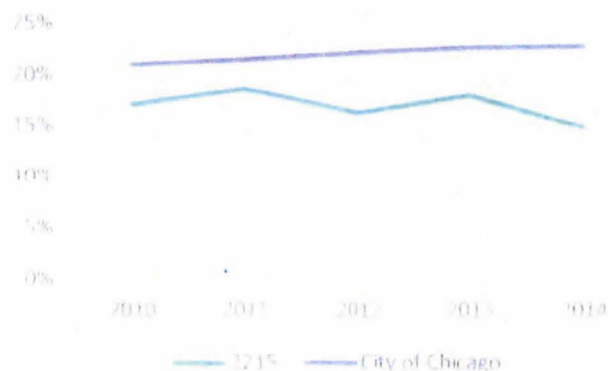


*While home values are dropping, their rates of change are converging around the citywide rate.

Developing Near OAs: Tract 2215 in Logan Square

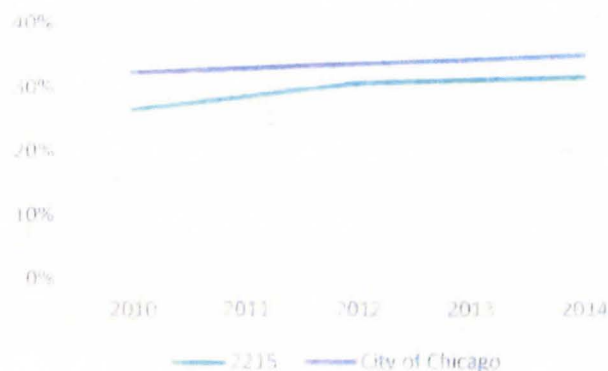
10

Individual Poverty Rate



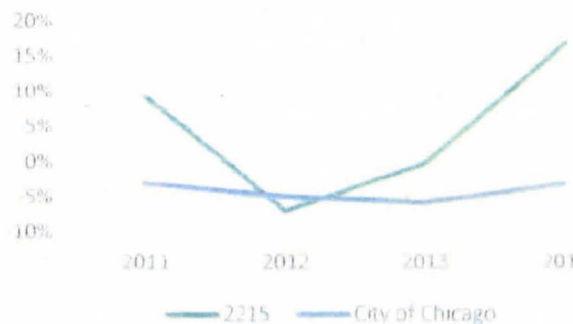
*While Tract 2215's poverty rate has fluctuated since 2010, it is below the citywide rate.

Bachelors+ Education Attainment



*Tract 2215's bachelor's degrees attainment roughly aligns with the citywide rate.

Median Home Value Percent Change



*Home values in this community are rising, while citywide home values are declining.



25.2% of the population falls into the 25 to 34 years age bracket, which is the largest concentration of ages in the community.

The community's eastern border, Western Ave., provides retail and fresh grocery options.

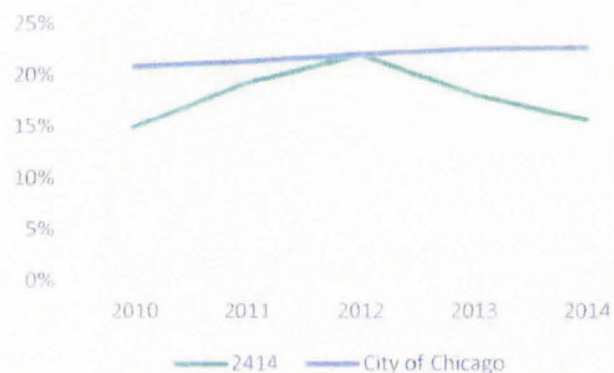
The community can access both California and Western Blue Line 'L' stops.

The individual poverty rate is 14.9% and saturation rate is 20.4% due in large part to HUD housing, though HCV and Chicago Low Income Housing Trust Fund households are located here, as well.

Developing Near OAs: Tract 2414 in West Town

11

Individual Poverty Rate



*Tract 2414's poverty rate met the citywide rate at its peak in 2012, but tract poverty rate is otherwise below the citywide rate.

Bachelors+ Education Attainment



*Tract 2414's bachelor's degree+ attainment nears 80%

Median Home Value Percent Change



*Tract 2414's home values have not changed significantly over the 5 year period shown, but its rate of change is generally above the citywide rate.



The community is home to thriving retail, particularly around the North, Damen and Milwaukee Aves. 'six corners'.

Almost 40% of the population falls into the 25 to 35 years age bracket

There are several CTA bus and train options available to the community, including access to the Damen Blue Line 'L' stop.

The individual poverty rate is 15.7% and saturation rate is 11.4% led primarily by HUD housing, though Chicago Low Income Housing Trust housing and HCV households are located here, as well.

Gautreaux Limited: Tracts 8422 and 804 in Lincoln Park

12a

Individual Poverty Rate



*Poverty rate is steady or declining in these communities. Tract 8422's poverty rate is now below the citywide rate

Bachelors+ Education Attainment



*Rates of bachelor's degree+ attainment in these communities have been steadily increasing above the citywide rate

Median Home Value Percent Change



*Changes in home value do not stray far from the citywide rate, typically within 5 percentage points away from one another



Populations for tracts 804 and 8422 are 59% and 39% Black or African American, respectively.

Both Red and Brown Line 'L's have stations located in these communities.

Crime in tract 8422 has increased between Y2014 and Y2015 while crime in tract 804 has decreased.

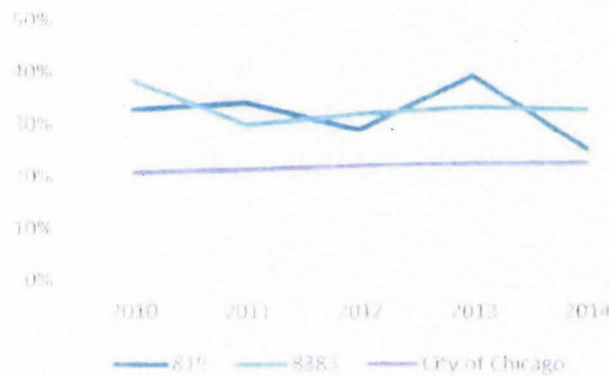
The Clybourn Corridor Planned Manufacturing District lies just north of tract 8422, securing high-paying manufacturing jobs.

The individual poverty rates in tracts 8422 and 804 are 16.9% and 50.8%, respectively. Saturation rates in tracts 8422 and 804 are 12.8% and 44.2%, respectively. Tract 804's saturation is primarily made up of HUD housing, but both tracts include CHA mixed-income and voucher households.

Gautreaux Limited: Tracts 8383 and 819 in Lincoln Park

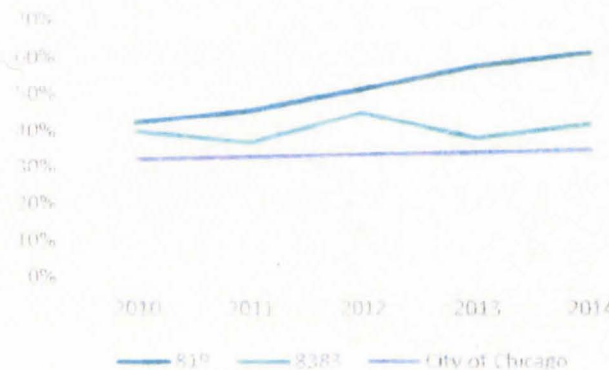
12b

Individual Poverty Rate



*Poverty rate is relatively steady in these communities but significantly above the citywide rate over the time period shown.

Bachelors+ Education Attainment



*Rates of bachelor's degree+ attainment in these communities are above the citywide rate and tract 819's rate appears to be steadily increasing.



Median Home Value Percent Change



*Tract 8383 has experienced significant growth in home values over the time period shown. While tract 819's values dropped by almost 20% in 2013, they may be recovering.

Populations for tracts 8383 and 819 are 52% and 51% Black or African American, respectively.

Employment increased by 17% between 2010 and 2014 for those living in tract 819, however tract 8383's employment rate decreased slightly.

Red and Brown Line 'L' stations are not located in the communities but accessible in the neighboring communities to the south and east.

Walter Payton College Prep is a CPS magnet located in tract 8383.

Individual poverty rates for tracts 8383 and 819 are 32.9% and 25.3% respectively. Saturation rates for tracts 8383 and 819 are 42.2% and 15.4%, respectively, led by CHA public housing.

Gautreaux Limited: Tracts 4101 and 4108 in Hyde Park

13

Individual Poverty Rate



**Tracts' poverty rates have increased over the 5-year period shown, though not dissimilar from the citywide rate.*

Bachelors+ Education Attainment



**The rates of these residents obtaining bachelor's degrees or beyond far exceed the citywide rate.*

Median Home Value Percent Change



**Loosely following citywide trends, these tracts are now experiencing sharper increases in home value.*



Populations for tracts 4101 and 4108 are 53% and 35% Black or African American, respectively.

Both University of Chicago and Kenwood Academy High School are near and accessible to these communities.

Both tracts' populations are concentrated in the 25 to 34 years age bracket.

Crime rates are down since Y2014. Compare 8.08 crimes per 100 residents to 4.83.

The individual poverty rates for tracts 4101 and 4108 are 28.2% and 23.1%, respectively. Saturation rates for tracts 4101 and 4108 are 1.97% and 1.32% respectively.