



# Chicago Housing Authority: Plan for Transformation

Improving Public Housing in Chicago  
And the Quality of Life

January 6, 2000

## **Executive Summary**

The Chicago Housing Authority (CHA) owns 38,000 units of public housing, which includes some of the worst housing in America. Despite repeated attempts at reform, real and lasting change has been elusive. To transform public housing in Chicago, this Plan proceeds on a number of fronts.

### **Capital Program**

The Agency can anticipate \$1.5 billion in capital funds over the next ten years, assuming constant funding levels. This compares with capital needs in excess of \$3.0 billion. The Agency will demolish upwards of 18,000 obsolete housing units, mostly open gallery style high-rises. By removing these units from the inventory, the Agency will be able to concentrate its capital resources to rehabilitate/redevelop about 25,000 units. While the overall loss of project-based housing is concerning (a net loss of approximately 13,000 units), there is no alternative. The remaining inventory will be built/rehabilitated to a standard of quality sufficient to attract a mix of incomes so that public housing does not again become home to extreme concentrations of poverty. Moreover, enough units are produced to accommodate all existing lease-holders.

Although this plan is predicated on ten years of funding, the Agency intends to accelerate these improvements over five to seven years by leveraging its assets and future funding streams. Moreover, to attract additional private funds, and to access needed development capacity, the Agency will seek development teams/development proposals for all of its family properties. The determination of which teams/proposals are selected will be accomplished through a redevelopment process that will include extensive resident and community input.

Overall, it is projected that 6,000 households will need to be relocated to private market housing (Section 8) as a result of redevelopment over the next five years, a rate that is less than the growth of the Section 8 Program in recent years. Still, the Agency will monitor the pace of relocation to identify and respond to market absorption issues which may arise. All affected households will receive relocation assistance and, provided they remain lease-compliant, will be allowed to return to public housing following redevelopment.

### **Property Management**

The Agency will get out of the business of managing real estate, resulting in lower costs and better service. By June 2000, all properties currently managed by the CHA will be transferred to third-party, professional management organizations. Resident Management Corporations (RMCs) which are fully operational as of October 1, 1999 will remain in place. Unlike past experiences with private management, however, this time the Agency will actually provide the private firms and RMCs with the authority, the responsibility, and the resources to get the job done. In turn, the Agency will develop its contract monitoring and oversight capabilities to assure high standards of performance.

## **Human Capital Development**

Residents of public housing will be treated as full citizens of the City of Chicago and will have access to the same level of services. Rather than attempt to replicate those services, a strategy that only serves to further isolate public housing and its residents, and for which the CHA has neither the resources nor the skill, the Agency will invest in development-based outreach workers who will help residents to access services in the community. It is anticipated that many of these outreach workers, who will receive professional training, may be residents themselves. The Agency also plans to aggressively seek and obtain additional outside resources to meet the human capital needs of its residents.

## **Protective Services**

Consistent with the principle that residents of public housing will be treated as full citizens of the City of Chicago, the Agency recently transferred policing functions to the Chicago Police Department. Combined with a Department of Justice Community Oriented Policing Strategy (COPS) grant, the number of law enforcement personnel assigned to the CHA will significantly increase. As distressed properties are demolished, however, the need for dedicated law enforcement services will greatly diminish. The Plan also provides for at least 10-hours of security coverage daily at each elderly building and funds the tenant patrol program at current levels, although supervision of tenant patrols will be transferred to the private managers and RMCs.

## **Admissions and Occupancy Policies**

New and proposed policies are intended to encourage the development of stable communities and to reward work and responsibility. Key initiatives include: rent incentives for working families, higher standards of lease compliance, and acknowledging kinship care to keep families together.

## **Section 8**

Continuing with the vast improvements in the administration of the Section 8 program in recent years under private contract, the Agency will expand its landlord outreach, mobility counseling, and contract monitoring functions. Additionally, the Agency will establish a new “access improvement” fund to help landlords make units accessible to persons with disabilities.

## **Section 3 and MBE/WBE**

Over the next ten years, the CHA will invest over \$6.3 billion in the local economy, representing the combined public housing and Section 8 budgets. The Agency is committed to assuring that this period becomes a real time of opportunity for minority businesses and for other disadvantaged firms and workers.

## **HUD Waivers and Requests**

Accompanying this Plan is a list of various waivers, commitments and requests that would greatly facilitate implementation. These range from relief from restrictive development rules to assurances of predictable funding.

## **Towards a New Role for the CHA**

This Plan contemplates much more than the physical transformation of public housing. It envisions a new role for the CHA. In the past, the CHA was primarily an owner and manager of public housing. In the future, the CHA will be a facilitator of housing opportunities. It will oversee a range of housing investments and subsidy vehicles. Where appropriate, it will own housing, but it will just as likely provide financial assistance to other private and non-profit development organizations to expand housing opportunities.

As outlined more fully in the Background section of the document, this Plan has been the result of an extensive public comment process. The Agency recognizes that resident and public comment does not end with publication of this document. CHA is committed to long-term broad community participation in the transformation of public housing in Chicago.

## Table of Contents

	Page	Exhibits	Page
Executive Summary	1		
Introduction	5		
Goals & Core Principles	10		
Capital Program	12		
Relocation	23		
Property Management	26		
Lease and Occupancy	30		
Human Capital Development	33		
Protective Services	35		
Section 8 Rental Assistance	36		
Section 3 & MBE/WBE	40		
Consolidated Budget	41		
Timeframes and Performance Standards	45		
		<b>1 Capital Plan</b>	<b>16</b>
		<b>2 Summary of Major Changes in Private Management &amp; RMC Contracts</b>	<b>28</b>
		<b>3 Assignment of Non-utility Operating Budgets, by Property Type</b>	<b>29</b>
		<b>4 Five-year Section 8 Sources &amp; Uses Budget</b>	<b>43</b>
		<b>5 Five-year Consolidated Public Housing Budget</b>	<b>44</b>
		<b>6 Timeframes and Performance Standards</b>	<b>46</b>

## Introduction

This Plan for Transformation (Plan) outlines the major program changes, policy directions, and organizational initiatives of the Chicago Housing Authority (CHA) over the next several years.

Four events have converged to compel this Plan.

- First, as required under the 1998 Quality Housing and Work Responsibility Act (QHWRA), public housing authorities (PHAs) must undertake annual and five-year plans for fiscal years beginning January 1, 2000.
- Second, on June 1, 1999, the CHA was returned to local control. As a consequence, this Plan provides an opportunity for the new leadership team to communicate its transformation plans.
- Third, at the time that the CHA was returned to local control, the City entered into a Memorandum of Understanding (MOU) with the United States Department of Housing and Urban Development (HUD). The terms of the MOU required that 1. The Agency prepare a “Performance Compact” in six months that would “establish an action Plan and identify the regulatory flexibility, legislative flexibility, and resources necessary to achieve performance benchmarks on which we will mutually agree... HUD intends to approve an acceptable plan under the Moving to Work demonstration authority provided by Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996.”
- Fourth, federal law mandates the demolition of approximately 18,000 units of CHA housing.

Submitted along with this Plan are the following companion documents:

- The Annual Public Housing Agency Plan
- The Five-Year Public Housing Agency Plan
- The Agency’s FY 2000 Operating Budget
- A list of funding commitments, waivers and requests necessary to support the Plan.

## Background

On September 30, 1999, the Agency published its draft Plan for Transformation, along with its draft Annual and Five-Year Agency Plans and its List of Waivers and Requests. Collectively, those documents outlined a fundamentally new approach to public housing in Chicago. The case for change was obvious and urgent, including:

- A high concentration of extremely poor families.
- A large stock of physically obsolete family housing plagued with crime and drugs.
- A new Federal policy environment that includes mandatory building closure rules, affirmative efforts to deconcentrate poverty, and stricter performance standards, especially in the area of physical condition.
- Limited capital funds to meet needs.
- Excessive overhead costs and a lack of internal management capacity.
- Resident programs that were duplicative, poorly coordinated, and without substantive performance measures and outcomes.

### Resident & Public Participation Process

The CHA adopted a comprehensive approach to maximize public input on the Plan.

#### Resident Involvement

In accordance with QHWRA, a Resident Advisory Board (RAB) was created to provide recommendations and comments on the Agency Annual and Five-Year Plan. The RAB consisted of the Central Advisory Council (CAC) and representatives of the Section 8 existing Certificate and Voucher Program (hereafter referred to as Section 8)<sup>1</sup>. The CHA provided technical assistance funds for the RAB/CAC to assist in their analysis of the Plan. The RAB/CAC created seven subcommittees to address different aspects of CHA activities, receive training on the provisions of the QHWRA, and formulate recommendations on the draft Plan to submit to the CHA. The CHA staff met with the subcommittees and the full RAB/CAC 15 times to review all aspects of the draft Plan prior to its release in September of 1999. The RAB/CAC provided CHA with extensive and detailed comments and recommendations during the public comment period.

The CHA met with the RAB/CAC both during and after the comment period ended to further amend the Plan based on resident feedback. Lengthy negotiating sessions on topics such as Resident Management Corporations, Section 3, private management contracts and relocation and redevelopment activities took place throughout the months of November and December. The CAC disagrees with portions of the Plan and has forwarded those comments and objections to the Agency.

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<sup>1</sup> Under QHWRA, all Section 8 certificates and vouchers are to be converted to a new Section 8 Housing Choice Voucher Program. These conversions are now occurring upon lease-up or at lease-renewal.

### **Task Forces**

The CHA's planning process has been one of intensive engagement with residents and the public. Public housing residents, Section 8 residents and members of interested civic, fair housing and community development organizations, as well as sister agencies and philanthropic organizations participated in task forces that provided input on CHA's performance goals and identified potential action items. These task forces covered four areas: good neighborhoods for public housing families, expanding housing options for housing choice voucher holders, service connections for both public housing residents and voucher holders, and quality of life for seniors. The sessions were rich discussions of the goals and challenges faced by CHA and other organizations in delivering quality housing and services, and yielded valuable suggestions.

### **City-wide Public Meetings**

The Agency held a total of 23 Town Hall meetings, including one at each family public housing development, and briefings for senior developments by the regions into which senior resident leadership is organized. The CHA also held four regional public meetings at community venues convenient to residents of the north, south, west and central parts of the City. The CHA also conducted over 50 briefings for civic, community development, housing service and philanthropic organizations, educational institutions, faith leaders, elected and appointed officials, and others. In accordance with QHWRA, a public hearing was held at the McCormick Place Convention Center on November 16, 1999, the close of the comment period. Buses were provided to transport residents from each major development to the McCormick Place.

### **Notification**

All meetings were advertised in 31 community and major regional newspapers, notifications were included with rent notices to all public housing residents, and thousands of mailings were made to interested organizations and individuals throughout Chicago. Finally, in addition to the print media, CHA discussed the draft Plan on community talk radio and television. The Plan was available at every public library, each Local Advisory Council Office, every CHA management office, CHA headquarters, and on the Internet. A toll free number was established to enable residents and the public at large to call with questions or to request a copy of the document. In all, CHA distributed over 3,600 copies of the draft Plan.

### **Public and Resident Comments**

Included as an attachment to the Agency's Annual Plan is a list of the recommendations made by the RAB and a description of the manner in which the CHA addressed each of these recommendations. The CHA conducted public hearings on its Plan and considered all public comments. In consultation with the RAB, the CHA made changes to its Plan based on these comments. These comments can be organized into three main areas:

#### **1. Comments requesting greater clarification or articulation of Plan elements, including:**

- How relocation would proceed and the rights of affected residents.
- Timeframes for when redevelopment would occur.
- The mechanics of HUD's "Section 202 Viability" test and the results of such test in Chicago.
- Estimated number of units to be rehabilitated/redeveloped.
- The roles and responsibilities of private managers and how services would improve under such arrangements.
- How the Agency will comply with applicable accessibility and fair housing requirements in the management and redevelopment of its housing.



- The redevelopment process, including the selection of developers, the assignment of capital resources among competing developments, and the participation of residents and community partners in that process.
- The allocation of Agency resources within the context of its proposed “block grant.”
- The scope of non-shelter services to be provided and, in particular, the role of “service connectors” in the Agency’s new model for promoting human capital development.
- The coordination between these non-shelter services and professional private management.
- The need for, and implications of, the Agency’s waiver requests.
- Security Plans.

**2. Comments expressing dissatisfaction with the current service provided by the CHA and the need for vast improvements, including:**

- Providing residents with adequate notice in the event of relocation.
- Expanded security services and better communication between law enforcement/security personnel and residents.
- Condition of the units.
- Reducing inspection turnaround times in Section 8.
- Fair but consistent lease enforcement.

**3. Comments either disagreeing with, or indicating concern over, major plan elements and principles or plan assumptions, including:**

- The loss of several thousand public housing units in the face of a tremendous shortage of affordable housing in Chicago.
- The ability of the private rental market to absorb the families to be relocated from non-viable buildings that will be torn down.
- The need to maintain “fixed” housing resources, as opposed to tenant-based assistance.
- The concentration of Section 8 vouchers in predominately minority, high poverty areas.
- The ability to provide essential social services to current residents to be relocated under the Section 8 program.
- Assurances that relocated residents will be allowed to return to public housing following redevelopment.
- Resources should be targeted to the poorest families, not diverted to higher income families in order to create mixed-income communities.
- The ability to implement the Plan if the Agency does not receive the special requests and waivers.
- The cost estimates used to determine the overall capital needs.
- The ability to address the ongoing maintenance, environmental remediation, and ADA/504 accessibility issues from occupied units during the implementation of the Plan.
- The CHA notes that the CAC objects to the Authority’s submission of the Plan for Transformation prior to the HUD national deadline of January 31,2000 for submission of the Annual and 5 Year Plan.

The majority of public comments confirm the need for a complete transformation of the Agency.

### **Plan Organization**

The remainder of this document is organized into eleven sections, covering each of the major areas of the Plan. Some subjects, such as accessibility, are covered under more than one section throughout the Plan.

- Goals & Core Principles
- Capital Program
- Relocation
- Property Management
- Lease and Occupancy
- Human Capital Development
- Protective Services
- Section 8
- Section 3 & MBE/WBE
- Consolidated Budget
- Timeframes and Performance Standards

## Goals & Principles

The goals under this Plan are to:

- Provide quality housing opportunities to very low and low-income households in mixed-income settings.
- Affirmatively further fair housing and assist in creating communities that are intolerant of discrimination.
- Assure that residents have access to local, state, and federal resources for which they are eligible.
- Contribute to the improvement of the neighborhoods and communities where public housing is located.
- Provide greater housing choice.
- Assure a smooth transition for families relocating as a part of CHA's redevelopment activities, minimizing the disruption on the lives of CHA families.
- Offer all lease compliant families the right of return to a new or rehabilitated public housing unit.
- Achieve standards of excellence in the delivery of services and in the administration of programs.
- Expand the number of accessible units and comply with all applicable federal, state, and local disability laws.
- Encourage business development opportunities for minorities and disadvantaged firms and job opportunities for residents, resident owned businesses, and other low-income workers.
- Maintain existing occupied units in a decent safe and sanitary condition during the implementation of the Plan, including abatement of environmental hazards and provision of 504 accessibility.

In pursuit of these goals and in the development of this Plan, CHA has adopted the following core principles:

- Residents will be treated as any other citizen of the City of Chicago. As such, the Agency will help residents access and connect to services in the community.

- The role of the CHA is to invest in or facilitate housing opportunities for very low and low-income households, including persons with disabilities. With the flexibility made possible by recent legislation, the Agency should no longer view itself as primarily an owner or manager of public housing. More broadly, the Agency can own, lease, finance, or subsidize housing opportunities as circumstances warrant.
- The CHA's priority should be to invest in properties where the Agency can assure that (1) it has the resources to sustain these properties through their useful life, (2) the property can attract and retain a mix of incomes, and (3) the housing does not stigmatize its residents.
- The delivery of management services should be property-based. On-site personnel should have the resources and authority to manage effectively.
- To the extent that a competitive market already exists to provide any given service, from architectural design to property management, the CHA should use that market to maximize service for available resources.
- The CHA will protect the rights of persons with disabilities.
- All families living in CHA-subsidized units should be working towards economic self sufficiency by seeking employment and educational opportunities. The CHA will support families in these efforts by facilitating connections to supportive services and will also encourage and support those families who attain self-sufficiency to seek homeownership and other housing opportunities in the private market through other government, non-profit and philanthropic programs.
- The CHA is committed to fully implementing this innovative and comprehensive Plan for Transformation, but recognizes that full implementation requires full approval of the Plan by HUD and where necessary, legislative revisions. The Authority is committed to assuring that all CHA residents affected by the Plan are assured access to replacement housing, a compassionate relocation process and to this end, in consultation with the RAB/CAC, will make any revisions necessitated by reduced funding, rejection of waivers, and/or legislative change request. The Agency agrees with HUD and the CAC that relocation must be consistent with and directly linked to the availability of affordable housing for very low and low income relocatees.
- The CHA will require the involvement of minority and women owned businesses and enforce Section 3 requirements.

## Capital Program

At current funding levels (\$148 million in 1999), the Agency can expect approximately \$1.5 billion in capital funds over the next ten years, \$1.1 billion of which is available for the actual hard costs of rehabilitation/redevelopment. In contrast, the Agency's capital needs exceed \$3.0 billion for the current inventory, a figure that includes only the cost to "fix as-is" and does not consider redesign. Additionally, Section 202 of the 1996 HUD appropriations bill mandates demolition of certain "distressed" developments that cannot be revitalized for less than the cost of vouchers, affecting more than 40 percent of the Agency's stock

Given these fiscal and legislative parameters, and given the untenable conditions under which many residents live, the Agency will demolish upwards of 18,000 units, primarily high-rise family properties for which there is no reasonable potential for renovation. This will allow the Agency to rehabilitate/redevelop approximately 25,000 units to a market standard that will assure long-term viability. While the Agency is intent on preserving as many hard units as possible, especially in light of the demand for affordable housing in Chicago, the demolition actions are practically and legally required. Still, this Plan will produce enough units so that, following redevelopment and rehabilitation, the Agency can accommodate all lease-compliant families residing in CHA units as of October 1, 1999.

Altogether, the Agency estimates that a total of approximately 6,000 households will need to be temporarily or permanently relocated over the next five years (See Relocation section of this document regarding both relocation estimates and services). Although it may not be possible to accommodate residents in the same unit/building or development that they formerly occupied, all families temporarily relocating will be permitted to remain or return to public housing following redevelopment, provided they remain lease-compliant.

Because of the urgent need for these improvements, the Agency plans to undertake this work over five to seven years by leveraging its assets and future capital funding streams. In other words, although it will take ten years worth of capital funds to complete this Plan, the Agency will finance these improvements over a shorter period by borrowing against funds from future years, when the need for capital will be much less.

In addition to funding all existing redevelopment commitments – for example, on-going planning and redevelopment efforts at Gov. Henry Horner Homes or Loomis Courts, Jane Addams Homes, Robert H. Brooks Homes and Grace Abbot Homes (ABLA) – the Plan fully funds the cost to rehabilitate all senior and viable scattered site units. The Plan also fully funds, after allowing for modest density reduction, the cost to rehabilitate all family properties not subject to "Section 202." The Section 202 properties consist of eight gallery high rise and five low rise and mid rise properties, accounting for some 14,000 units. The Agency does not have sufficient resources to redevelop each of these properties. To determine which of the Section 202 sites will receive redevelopment funding, and to encourage additional private financing sources, the Agency will solicit proposals from development teams. It has also requested flexibility under the Section 202 rule to allow for the rehabilitation of the mid-rise and low rise properties. Resident representatives and community partners will be involved in both establishing the criteria for selecting developers and in the actual selection process. Additionally, the Agency will provide the residents at each site with technical assistance funds to help in shaping the development program and/or re-use plans for each property.

The remainder of this section explains more fully the Agency's demolition plans, the impact of Section 202, projections of funding availability, the allocation of capital funds, the redevelopment process and accompanying selection criteria, and other redevelopment issues such as the implications of the Gautreaux Court Order.<sup>2</sup>

### **Section 202 - Mandated Demolition**

Under Section 202<sup>3</sup>, demolition is required when the monthly per-unit cost to renovate and maintain any contiguous property with more than 300 units and with a vacancy rate in excess of 10 percent exceeds the monthly cost of a housing voucher. Of the Agency's 38,000 units, approximately 14,000 were subject to this test and all 14,000 failed (several thousand more units were not technically subject to the test because the Agency had already agreed to demolish them under HOPE VI and other existing redevelopment projects). Of the properties that failed under the current regulation, eight contain or are comprised of open gallery high rises and five are low rise and mid rise properties. While the Agency agrees that the gallery high rises are not viable, it believes that with proper investment and management, many if not all of the low rise and mid rise properties subject to Section 202 can be viable. Consequently, the Agency has requested from HUD an augmentation of the viability test to allow it to retain these properties if 1) sufficient market interest exists for redevelopment and 2) the properties can attract a mix of incomes. The CHA will not consider proposals to rehabilitate the open gallery high rises.

### **Gallery Style High Rises**

Of the Agency's 38,776 units, approximately 15,000 units are contained in open gallery style high rises. Open gallery style is defined as eight or more stories with hallways and elevator entrances that are fully or partially exposed. The Plan for Transformation calls for the demolition of these units.

These gallery high rises were built between 1953 and 1966. From the very beginning, CHA experienced great difficulties with this building design, ranging from problems with heating systems to frequent elevator failures. Design flaws, coupled with a lack of maintenance and limited capital improvements since initial construction, have rendered these buildings vulnerable to system failures, particularly in the winter months. Furthermore, recent experience demonstrates that even after spending significant funds for emergency repair and rehabilitation, the CHA cannot guarantee that a gallery high rise can survive the winter. Renovation of these buildings is not economically feasible.

### **Funding Availability**

In 1999, the Agency received approximately \$148 million as its formula share of capital funds under the Federal Comprehensive Grant Program (soon to be renamed the Public Housing Capital Fund). Assuming constant funding at this level, the Agency would receive approximately \$1.5 billion over 10 years (FY 2000 - FY 2009), including \$33.9 million in carry-over funds from FY 1999. In previous years, the Agency dedicated only about 57 percent of its capital grant for hard costs, with significant amounts spent on such non-capital uses as law enforcement and general administration. To retain as many hard units as possible,

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<sup>2</sup> Pursuant to a 1987 order of the Federal District Court in Gautreaux vs. CHA et. al., a Receiver, Daniel E. Levin and The Habitat Company, has and exercises all powers of CHA respecting the development of CHA non-elderly housing. Throughout the Capital Program section of the Plan for Transformation, "CHA" will signify CHA and/or the Receiver, acting in their respective capacities.

<sup>3</sup> "Section 202" refers to Section 202 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996. As required under this law, a cost test must be performed for all affected properties. See the Annual Plan for a more complete description of the cost test and the results.

the Agency has restructured its budget to substantially increase the funds for building improvements, shown below. However, even with these adjustments, there are insufficient funds to repair or replace 38,000 units.

**Ten Year Capital Plan Summary Budget**

Category	Amount	Percent
Project Management	\$48,000,000	3%
A&E Services and Resident TA	\$94,288,000	6%
Capital Maintenance	\$156,000,000	10%
Building Improvements	\$1,111,837,200	74%
Contingency	\$111,030,000	7%
<b>Total</b>	<b>\$1,513,900,000</b>	<b>100%</b>

This amount, even after budget restructuring, is far less than the more than \$3.0 billion that the Agency would need to rehabilitate all of its existing stock.

Included with the List of Commitments, Waivers and Requests that accompanies this Plan is a request that the Agency's capital grant be frozen for ten years so that it can be assured of this funding stream. A one percent reduction in the Agency's current capital grant represents about \$15 million over ten years. Additionally, the Agency has requested funds apart from its annual capital funds to pay for demolition (\$85 million) and relocation and related counseling services (\$25 million).

**Allocation of Capital Funds**

For purposes of funding allocations, the Agency has grouped its properties into five main categories: Existing Redevelopment Commitments, Senior Buildings, Scattered Sites, Non-202 Family Properties, and 202 Family Properties. Of the \$1.1 billion projected to be available for hard costs for actual rehabilitation/redevelopment, each category is targeted to receive the following amounts:

- Category 1: Existing Redevelopment Commitments.** A total of eight property clusters have either approved redevelopment plans or plans that are well along in the process. This represents 9,561 units, of which 3,659 are occupied. The capital program includes \$149 million to fund these existing redevelopment projects, many of which are subject to court orders. These funds are needed to supplement other funding such as HOPE VI. Redevelopment plans for two of these properties – ABLA and Madden Park Homes/Ida B. Wells Homes – have not been finalized. Consequently, the total number of units anticipated to be demolished (7,724) and rebuilt (5,353) for this category is based on current estimates and may be revised once redevelopment plans are finalized.
- Category 2: Senior Buildings.** The Agency has 58 senior buildings, totaling 9,480 units. The capital program includes \$350 million for complete rehabilitation. This figure includes funds to install air conditioning, required accessibility improvements, and other amenities.

- Category 3: Scattered Sites.** The Agency owns 2,922 scattered site units. Of these, the Agency estimates that 8 percent (236 units) are in such poor physical condition that they do not warrant continued investment. For the remaining 2,686 scattered site units, the Agency will allocate \$77 million for their rehabilitation. The Agency will conduct a detailed physical needs assessment of its scattered site program to determine the actual units that will be disposed of or demolished. The Agency plans to work with non-profit organizations and other groups on creative re-use options. No scattered site units will be demolished that can be reasonably rehabilitated as public housing.
- Category 4: Non-202 Family Properties.** A total of ten family properties (3,051 units) are not currently subject to the Section 202 viability test. The capital program allocates \$107 million to these properties. This funding is based on the cost to rehabilitate all units with the exception of: (1) Lawndale Complex, which is slated for demolition, and (2) Washington Park low-rises, where it is estimated that half the units will be demolished based on their condition. In order to maximize funds, the CHA will seek development partners for Category 4 properties (see process described below). Because of their age and design, modest density reduction is also anticipated for a number of the properties in this category. Following redevelopment in Category 4, the Agency’s goal is that the total number of public housing units be not less than the current number of occupied units (2,254).
- Category 5: Family Properties Subject to Section 202.** The capital program allocates the remaining \$429 million to the 13 Section 202 properties and Randolph Towers (The Agency has agreed to review with the CAC and the Washington Park LAC, the feasibility of retaining this recently renovated structure which was not originally subject to the Section 202 viability test). The CHA will make available the remaining \$429 million to rehabilitate or redevelop these properties. While this amount cannot fully replace all units identified in Category 5, it is estimated that this funding will produce at least 5,000 new or rehabilitated public housing units. To the extent that total funding available to the Agency is less than the amounts projected, fewer dollars will be made available to the Category 5 properties.

In order to accelerate capital improvements, CHA proposes to leverage its assets and future funding streams through a minimum of two general financing initiatives. The first financing initiative covers the construction costs to rehabilitate the senior and scattered site properties (Categories 2 and 3) and will likely occur in late 2000. Construction and rehabilitation schedules for Categories 4 and 5 will dictate the exact timing of the second financing, estimated to be in the Fall of 2001.

**Summary of Capital Program**

Grouping	Funding Allocation	Existing Units	Occupied	Demolition	Net Hard Units	Net Loss of Hard Units
Category 1 – Existing Redevelopment Commitments	\$149,000,000	9,561	3,659	7,724	5,353	4,208
Category 2 – Senior Buildings	\$350,000,000	9,480	8,044	0	9,480	0
Category 3 – Scattered Sites	\$77,000,000	2,922	2,400	236	2,686	236
Category 4 – Non-202 Family Properties	\$107,000,000	3,051	2,254	797	2,254	797
<i>Subtotal</i>	<i>\$683,000,000</i>	<i>25,014</i>	<i>16,357</i>	<i>8,757</i>	<i>19,773</i>	<i>5,241</i>
Category 5 – Low-rises, Mid-rises, and non-gallery high rises	N/A	4,876	3,987	889	N/A	N/A
Category 5 – Gallery High-rises	N/A	8,886	4,146	8,886	N/A	N/A
<i>Subtotal</i>	<i>\$429,000,000</i>	<i>13,762</i>	<i>8,133</i>	<i>9775</i>	<i>5,000</i>	<i>8,762</i>
<b>Totals</b>	<b>\$1,112,000,000</b>	<b>38,776</b>	<b>24,490</b>	<b>18,532</b>	<b>24,773</b>	<b>14,003</b>



**Chicago Housing Authority  
Capital Plan**

\*Source: Unit Status Report 10/01/99

	Existing Units*	Occupied Units*	Demo Units	After Revitalization		CGP Funding	GGP Cumulative	Hope VI and Other Federal Funds
				Total	Public Housing			
<b>Category 1 - Existing Redevelopment Commitments</b>								
Gov. Henry Horner Homes	1,743	682	1,201	1,136	1,086	32,200,000		73,952,120 (1)
Frances Cabrini Extension North	926	152	926	2,300	700	25,000,000		58,993,750
ABLA (2)	3,235	1,079	2,776	3,278	1,463	18,000,000		51,953,250
Wells/Madden/Darrow/Wells Extension (3)	2,891	1,426	2,821	2,530	1,008	39,000,000		43,300,000
Robert Taylor Homes B HOPE VI (4)	-	-	-	251	251	-		23,500,000
Raymond M. Hilliard Center	710	307	-	710	390	33,500,000		
Washington Park Homes (5)	56	13	-	56	14	1,300,000		
Lakefront (6)	-	-	-	964	441	-		40,121,148
<b>Subtotal</b>	<b>9,561</b>	<b>3,659</b>	<b>7,724</b>	<b>11,225</b>	<b>5,353</b>	<b>\$149,000,000</b>	<b>\$149,000,000</b>	<b>\$291,820,268 (7)</b>
<b>Category 2 - Senior Developments</b>	<b>9,480</b>	<b>8,044</b>	<b>-</b>	<b>9,480</b>	<b>9,480</b>	<b>\$350,000,000</b>	<b>\$499,000,000</b>	
<b>Category 3 - Scattered Sites (8)</b>	<b>2,922</b>	<b>2,400</b>	<b>236</b>	<b>N/A</b>	<b>2,686</b>	<b>\$77,000,000</b>	<b>\$576,000,000</b>	
<b>Category 4 - Non-202 Family Properties (9)</b>								
Cabrini Ext. Lincoln	18	18						
Lake Parc Place	300	235						
LeClaire Courts	300	270						
Washington Park Homes Low-rises	488	226						
Lawndale Complex	187	1						
Lawndale Gardens	128	120						
Julia C. Lathrop Homes	925	747						
Bridgeport Homes	155	136						
Wentworth Gardens	422	386						
Gov. Frank Lowden Homes	128	115						
<b>Total</b>	<b>3,051</b>	<b>2,254</b>	<b>797</b>	<b>N/A</b>	<b>2,254</b>	<b>\$107,000,000</b>	<b>\$683,000,000</b>	
<b>Category 5 - 202 Family Properties (10)</b>								
<b>Mid-rises and Low-rises</b>								
Frances Cabrini Rowhouses	586	466						
Trumble Park Homes	486	382						
Harold L. Ickes Homes	1,006	823						
Dearborn Homes	800	603						
Altgeld Gardens - Phillip Murray Homes	1,998	1,713						
<b>Subtotal</b>	<b>4,876</b>	<b>3,987</b>	<b>889</b>	<b>N/A</b>	<b>N/A</b>			
<b>Gallery High-rises</b>								
1230 N. Burling	134	106	134					
Frances Cabrini Extension South	597	474	597					
William Green Homes	968	550	968					
Rockwell Gardens	1,136	439	1,136					
Stateway Gardens	1,644	689	1,644					
Robert Taylor Homes A	1,734	785	1,734					
Robert Taylor Homes B	2,050	774	2,050					
Washington Park Homes High-rises	468	192	468					
Randolph Towers (11)	155	137	155					
<b>Subtotal</b>	<b>8,886</b>	<b>4,146</b>	<b>8,886</b>	<b>N/A</b>	<b>N/A</b>			
<b>Total, Category 5</b>	<b>13,762</b>	<b>8,133</b>	<b>9,775</b>	<b>TBD</b>	<b>5,000</b>	<b>\$429,000,000</b>	<b>\$1,112,000,000</b>	
<b>TOTAL ALL CATEGORIES</b>	<b>38,776</b>	<b>24,490</b>	<b>18,532</b>	<b>TBD</b>	<b>24,773</b>	<b>\$1,112,000,000</b>		

**Notes:**

- Includes \$55,516,820 for Phase I of Gov. Henry Horner Homes.
- Units and CGP \$ needed are estimates pending final master plan.
- Pending 2000 Hope VI Application for \$35 million. Have \$8.3 million in MROP Funds. Unit counts and mix may change based on results of ongoing master planning process.
- Only demolition of five (5) buildings; all units to be replaced off site. Demolition units shown in Category 5.
- Sale of 56 CHA units to non-profit developer in exchange for lease of 14 newly renovated units and 42 Section 8 units in nearby development.
- Under Consent Decree w/Lakefront Community Organization, CHA is to develop 241 replacement units for Lakefront buildings in North Kenwood-Oakland neighborhood (which will be built on several sites) and an additional 200 outside of North Kenwood-Oakland.
- Does not include an additional \$21 million for which the Court in the Gautreux case has not designated a location.
- Assumes 8% of units do not warrant continued investment.
- Assumes demolition is equal to number of vacant units.
- The number of units which will be rebuilt for each sub-category will not be known until the planning process has been completed. However, a minimum of 5,000 is projected for all Category 5.
- Not subject to 202 but is a Gallery Style High-rise.

### **Redevelopment Process**

A Working Group comprised of representatives from CHA, the LAC, the City of Chicago, community partners, the Gautreaux plaintiffs/Receiver (where appropriate) and other appropriate parties will use the process described below to redevelop Category 4 and 5 properties. The Working Group will consider proposals, consistent with this Plan, that could include rehabilitation, new construction or a combination of the two. (All types of activity will be collectively called "redevelopment" hereafter.) The Working Group will accept proposals that offer the greatest value, based on criteria discussed below. The Working Group expects to obtain proposals that will attract other sources of funds, thereby maximizing the number of public housing units that can be rehabilitated/produced. For the Category 5 properties, this process will determine which properties are truly viable and can, with continued investment, be maintained at a market standard and attract a mix of incomes over time. In the case of the Category 4 properties, where there is not sufficient interest in or advantage to private investment, the Agency will renovate these properties as traditional public housing. All public housing units will be available first to lease-compliant residents as of October 1, 1999.

The redevelopment process chart defines the tasks and responsibilities within the Working Group.

**Redevelopment Process Chart for Category 4 and 5 properties**

TASKS -- STAGE ONE	CHA	CAC	LAC	Habitat	City	<u>Gautreaux</u> Plaintiffs	Community	HUD
(1) Establish overall criteria for redevelopment & rehabilitation proposals. Establish selection criteria to evaluate responses	X	X	X	X	X	X	X	X
(2) Using criteria from Step (1), issue Request for Qualifications (RFQ) for development teams. Respondents submit qualifications for developing mixed-income residential housing for specific properties. Respondents may submit proposals to work with more than one site.	X							
(3) Act as selection panel and recommend development teams at each site. For sites with adequate interest, one or more teams may be selected per site.	X		X	X	X	X	X	
(4) Confirm selection of development teams	X			X				

TASKS -- STAGE TWO	CHA	CAC	LAC	Habitat	City	<u>Gautreaux</u> Plaintiffs	Community	HUD
(5) LAC, residents, and community work with selected developers from Stage 1 to prepare proposals for redevelopment.			X				X	
(6) Rate and Rank final proposals. Consult with <u>Gautreaux</u> Court to ensure compliance and, where needed, make requests for Revitalizing Area designation.	X		X*	X	X	X		

\* NOTE: In Step 6, LAC participation in selection process contingent upon extent of involvement in any redevelopment proposals received.

(7) CHA Board and Habitat selects proposals for funding, determines allocation of capital funds. Based on availability of dollars allocated, establish phasing of redevelopment.	X			X				
(8) Redevelopment Begins								

Re-use planning will begin for any Category 5 property where insufficient interest exists for redevelopment (after Stage One) or if the property’s development proposal is not selected for funding (after Stage Two).

## **Proposal Criteria**

The Working Group will work to develop the criteria for selection of both development teams (Stage One) and development proposals (Stage Two). Such criteria will include the following:

### **Minimum Threshold Criteria**

All proposals must at least demonstrate the following to be considered for funding:

- In the case of proposals involving the construction of new public housing, compliance with the Gautreaux consent decree and the capability of receiving a Revitalizing Order from the Court (See Gautreaux discussion).
- Financial feasibility, including realistic assumptions with respect to allocations of funds from other public and private sources and supported by market data.
- Consistent with the Plan, proposals which include demolition should provide justification for new construction over rehabilitation.
- Long-term ability to sustain affordability.
- Compliance with Fair Housing and ADA/504 requirements and, where practical and appropriate, the Chicago Department of Housing’s new “visitability” standards.
- Compliance with CHAs M/WBE and Section 3 requirements.

### **Selection Criteria**

Proposals that meet the minimum threshold criteria will then be evaluated on the strength of the following:

- The extent to which the proposed redevelopment or rehabilitation meets a market standard of quality and can, over time, attract and retain a mix of incomes.
- The extent to which the proposed project leverages private funds.
- The extent to which the proposal accommodates lease-compliant CHA residents.
- The extent to which the proposal uses public funds (CHA, city, state, federal) and other public assets efficiently, such that the impact of public resources is maximized.
- The extent of non-housing benefits to residents such as funding for or provision of social services, business and employment opportunities, community facilities and green spaces.

- The extent to which public housing units relate to and are integrated into the larger community, including mixing public housing units with affordable and market rate units in the development, and providing new development and rehabilitation that is compatible with the surrounding neighborhood.
- The extent to which proposals consider strategic plans developed by the LAC’s for their respective sites.
- The extent to which proposals have a commitment to include minority and women owned businesses, resident owned businesses and Section 3 resident employment.

<b>Timeline for Redevelopment Process</b>	<b>Date</b>
1. HUD approves CHA's Plan for Transformation	January, 2000
2. The Working Group establishes selection criteria	March, 2000
3. RFQs released for Category 4 and Category 5 properties	March, 2000
4. RFQ responses due	May, 2000
5. Development Teams Selected	June, 2000
6. CHA consults with <u>Gautreaux</u> Court, where appropriate to ensure compliance and seek Revitalizing Orders.	As needed
7. The Working Group plans for redevelopment with selected development teams	July - November, 2000
8. Property-specific proposals due to CHA	December, 2000
9. CHA makes funding decisions among proposals for Category 4 and Category 5 properties	April, 2001
10. Construction starts for initial Category 4 & 5 Properties	Fall 2001 - Spring 2002

For a more complete timetable, see Exhibit 6. The timetable is subject to HUD approval of the Plan and the allocation of capital funds.

**Other Redevelopment Issues**

**Gautreaux**

In 1966, Dorothy Gautreaux (Gautreaux) and other tenants and applicants for public housing in CHA brought suit against the CHA and HUD, claiming that the agencies employed racially discriminatory policies in the administration of Chicago's low rent public housing program. The suit charged that public housing tenants were forced to live in segregated areas of the City by virtue of the CHA's tenant assignment and site selection plan.

In 1969, the court ruled for the Gautreaux plaintiffs and entered a Judgment Order, which, with subsequent modifications, creates several restrictions on CHA's ability to redevelop new public housing units. First, CHA was permanently enjoined from constructing public housing in any “Limited Area” (a neighborhood having more than a 30 percent African American population) unless an equal number of public housing units are constructed in “General Areas.”

Secondly, construction of new public housing in neighborhoods is also limited by project size (no more than 240 people at one location) and density (the total number of public housing units in a census tract cannot exceed 15 percent of the total number of apartments and homes). Finally, in 1987, due to the slow pace of CHA's redevelopment activities in the 1970s and 1980s, the Court in 1987 appointed a Receiver, The Habitat Company, to administer CHA's new housing construction. The CHA cannot construct new public housing units without the involvement of The Habitat Company.

The Gautreaux restrictions regarding where units can be built may be waived if the court determines that redevelopment in a Limited Area qualifies as a "Revitalizing Area." Revitalizing Area orders allow the construction of some number of new family public housing units without matching construction in General Areas. The "revitalizing" circumstances must support a reasonable forecast of economic integration, with the longer-term possibility of racial integration. In the determination of Revitalizing Areas, the court takes into account such factors as: the geographic dispersion of units in the neighborhood and on the site; number of units to be built back on site; income mix; amenities; and other investment in the area.

Revitalizing orders have already been issued for Cabrini Green (partial), Henry Horner, ABLA, and North Kenwood Oakland. With the amount of CHA and private funds to be invested in public housing communities, CHA expects the court will find that many CHA communities can be designated Revitalizing Areas. As redevelopment proposals for individual properties move forward, CHA will confer with the Gautreaux Court for treatment of the property.

### **Community Involvement**

CHA is committed to involving CHA residents and local communities in the redevelopment process. In the redevelopment process for CHA family properties, the Working Group, comprised of CHA residents, local community partners, the City of Chicago, the Gautreaux plaintiff's/Receiver (where appropriate) and other appropriate parties, will work with developers they help to select in formulating proposals for CHA's consideration. The CHA will provide a minimum of \$1.2 million in technical assistance funds for resident groups. Additionally, local foundations have expressed interest in supporting this initiative.

### **Lease Compliance**

There will be sufficient time for all families to become lease compliant. CHA will work with families to achieve lease compliance, as defined in the CHA Admissions & Occupancy Policy.

### **Resident Services**

Throughout the redevelopment process, CHA will work to ensure the continued availability of services to residents and will include existing service agencies in the redevelopment planning process. All redevelopment plans will include a service component.

### **Environmental issues**

When creating and implementing redevelopment plans, CHA will minimize resident exposure to possible contaminants by:

- Removing or permanently encapsulating all components covered with lead-based paint or asbestos.
- Experimenting with native grasses and plants known to reduce the bio-availability of contaminants when landscaping.

- Informing potential rehabilitation contractors of the presence of lead-based paint and requiring all contractors to comply with all local state and federal lead laws.
- Including strict dust control provisions in all demolition contracts.
- Maintaining an Environmental Compliance Officer, charged with monitoring compliance with all applicable local, state, and federal environmental laws.

### **Accessibility**

CHA is in the process of procuring services for the 504 Self-Evaluation and Transition Plan, as required by 24 CFR 8.25 (c) g. The Self-Evaluation and Transition Plan will create the blueprint for CHA to comply with Section 504 and Fair Housing laws. Such plans will be incorporated into all redevelopment projects and the capital plan for properties to be rehabilitated. Additionally, CHA will establish a monitoring system to ensure that all rehabilitation and new construction maximizes accessibility for all residents and complies with Section 504 and fair housing requirements.

## Relocation

This section of the Plan addresses relocation issues, including: the number of households to be relocated to Section 8 housing, market absorption, services provided to relocating families, and rights of return. The CHA intends to carry out its relocation activities compassionately, understanding that such moves can be extremely disruptive to affected families. No building will be demolished until each lease-compliant family has been provided suitable relocation services, including adequate notice of the Authority’s intention to close the building.

### Section 8 Relocation

The number of households to be relocated to Section 8 housing is estimated to be less than 6,000, or approximately 1,200 annually over the next five years. (See chart.) Because of the extremely high vacancy rate in the targeted properties, the number of households to be relocated is far less than the number of units to be demolished. Based on the results of the Metropolitan Planning Council's 1999 Regional Rental Market Analysis, the market can absorb this level of relocation activity. Projected entry into the market using Section 8 is at a rate that is less than the growth of the Agency's Section 8 program in recent years. However, in compliance with the HUD letter of November 16, 1999, the number of displaced families using Section 8 in any given year cannot exceed a factor of the number of units available to such families. HUD has agreed to survey vacancy and rent levels to determine the actual vacancy rates amongst landlords and provide such information to CHA on an annual basis. In conducting its study, HUD will also examine actual rates of usage by Section 8 families who lease-up.

Category	Existing Households	Likely Number to be Relocated to Section 8	Comment
Existing Redevelopment Commitments	3,659	1,250	Based on preliminary Housing Choice studies performed over the last two years, CHA assumes that 30% of Henry Horner Homes, ABLA, Cabrini Ext. North and Madden Park Homes/Ida B. Wells residents will choose Section 8 permanently. The remainder are temporary Section 8 vouchers to be used during redevelopment.
Senior Buildings	8,044	0	All internal transfers
Scattered Sites	2,400	0	All internal transfers
Non-202	2,254	0	All internal transfers
Section 202 Mid-rises and Low-rises.	3,987	1,196	Assumes most of these properties will eventually be retained and, since most transfers will occur on-site, not more than 30% of current residents will need to be relocated to Section 8.
Gallery High-rises	4,146	3,316	Assumes that 80% will need to be relocated to Section 8, assuming natural turnover and a modest number of transfers to other public housing. The availability of inter-development transfer units will be limited by the need for intra-development transfers in redevelopment projects.
Totals	24,490	5,762	



### **Rights to Return to Public Housing**

Following redevelopment, all families relocating into Section 8 housing with a lease effective date on or after October 1, 1999, will have the right to return to public housing. However, as a practical matter, the Agency cannot assure the return to the same unit, building, or development, although the Agency will make reasonable efforts to accommodate such requests.

### **Relocation Services**

- **Modernization projects.** Where a property is to be modernized but not demolished or redeveloped (for example, senior buildings), relocation will occur mostly within the development as a transfer to another public housing unit. Typically, the contractor begins with a portion of the site or building that is vacant, rehabilitates it, and then property managers transfer the first group of families into completed units. The contractor then moves to the units just vacated and starts the process anew. In such circumstances, the Agency will arrange for the physical move and will pay for the necessary utility reconnection charges.
- **Redevelopment projects.** For buildings that are to be demolished or redeveloped, residents who need to be relocated will be given the option to transfer to other public housing or obtain a Section 8 voucher. Families will receive extensive pre-move counseling and assistance in accessing services. Families relocating with Section 8 will also receive mobility counseling so they can make informed choices and secure adequate housing. The Agency will also provide post-move counseling. The Agency will arrange for the physical move, will pay for necessary utility reconnections, and will also offer assistance with security deposits.

### **Relocation Plans**

Over the past several years, the Agency has closed a number of low-occupancy and physically obsolete buildings and transferred families, primarily, to other CHA properties, referred to as “building consolidations.” The Agency will not conduct any further building consolidation unless such actions are necessary to protect the health and safety of CHA residents or in the event of an emergency. Relocation plans will be prepared in tandem with the larger redevelopment plans for these properties. The goal of the Agency is to provide each affected resident, barring emergencies, with at least 120 days notice of the need to relocate. The Agency is reviewing procedures for relocation, produced by numerous stakeholders during meetings held over the past year. The CHA will finalize and implement these procedures in early 2000.

### **Lease Compliance**

CHA is committed to assisting families in becoming lease-compliant within a reasonable amount of time. The CHA will institute a pre-screening policy for families moving to Section 8. With advanced notice of moves, residents who are not lease-compliant will be given a reasonable period of time to achieve lease compliance. Criteria used to determine lease compliance are specified in the lease and occupancy section of this document. The particulars used to verify compliance issues are outlined in the CHA screening procedures, an attachment to the agency-wide Admissions and Occupancy Policy. The CHA will assess lease compliance, giving full consideration to mitigating factors and evidence of rehabilitation or sustained improvement.

**Relocation Contract**

CHA is committed to adopting a lease amendment affirming residents rights under the relocation process. The Agency is currently negotiating such an addendum with the RAB/CAC.

## Property Management

Approximately 50 percent of the Agency's public housing stock is currently managed by private firms, 40 percent by Agency staff, and 10 percent by Resident Management Corporations (RMCs). Regardless of the management model, and against industry practice, the Agency centrally maintains control of major building services – non-routine maintenance, security, evictions, maintenance supplies, and more. This has resulted in both high costs and poor accountability.

The Agency plans to place all remaining senior properties under third-party managers on or around February 2000, and all family properties by July 2000. At the same time, the Agency will dramatically restructure its relationship with its private managers and RMCs. It will shift authority and responsibility for the day-to-day management to the private managers and RMCs. It will also dramatically increase the operating funds provided to private managers largely by reducing overhead and other centralized costs. For improved oversight, it will also strengthen its current system of contract monitoring and quality assurance in order to hold managers accountable for better performance. Property managers and RMCs will have the resources and the authority to do their jobs well, and the CHA will be in a position to ensure performance, as described below.

### Authority and Responsibility

In hiring private managers and RMCs in the past, the Agency retained many of the day-to-day management and maintenance responsibilities, from rent collections to work order intake. The Agency will now transfer to private managers and RMCs the functions that are typically performed by fee-managers in the conventional market (See Exhibit 2). This change is not only necessary to reduce costs and establish clearer lines of authority/responsibility, but is also essential in the Agency's efforts to recruit professional firms and promote RMCs.

### Accountability

For better oversight, the Agency will strengthen its contract monitoring systems. The contract administration unit will be expanded from current staffing of 10 to 33. The Agency will develop a resident training, internship and employment program to provide opportunities to those residents seeking careers in property and asset management. The increased staffing will enable CHA to expand its quality assurance efforts. Each asset manager will be assigned responsibility for approximately 3,000 units. The Agency's management information system is being upgraded so that key performance data on each property – rent collections, work order response times, occupancy, etc. – will be available on-line to each asset manager.

### Resources

At the heart of the Agency's transformation plan is the development of a new project-based budgeting system and substantially increased funding for the property budgets. With the transfer of the responsibility for maintaining the properties to professional management companies and RMCs, the Agency will also assign the resources to get the job done. Beginning with the new management contracts, the Agency will assign non-utility budgets, on average, of \$300 per unit monthly (PUM) to each property, including \$40 PUM for capital maintenance. This figure is substantially more than current funding. Exhibit 3 shows the proposed allocation of operating budgets by property types.

### **New Management Contract**

The change in responsibilities necessitates an entirely new management contract between the Agency the private third party managers. The Agency has drafted a proposed management contract, with the input of the CAC/LAC leadership, and has included quality assurances provisions to hold all private managers and RMCs to the same standards of accountability and to require all property managers and RMCs to enter into a uniform contract. This new contract is one of the reasons why the Agency will re-bid all of its properties, not just those that are currently managed in-house.

### **Resident Management Corporations (RMCs)**

The CHA strongly supports resident management of the CHA-owned properties and will negotiate new contracts with RMCs on the same terms as private managers (budgets, rules, and performance standards). For RMCs in formation or in training, the RFPs for private managers shall clearly state all existing obligations between CHA and potential RMCs and the successful respondents shall assume CHA obligations as appropriate.

### **Environmental issues**

The CHA will require that all private managers and RMCs comply with all local, state and federal environmental laws. The CHA will also maintain a lead-poisoning prevention and response team. The Agency will seek outside resources to continue and expand environmental and health prevention activities.

### **Annual Management Plans**

Each year, the private managers and RMCs will be required to prepare an Annual Management Plan for each property. This Plan will include specific goals and objectives for the property. In developing these annual management plans, the private managers and RMCs will be required to meet with, and obtain input from, residents. The management plan will require private managers and RMCs to submit a document outlining their annual plan for routine maintenance, preventive maintenance, capital plan, vacancy reduction, security, rent collection budget allocations, and grievance procedures. Once approved, these plans will form the basis for monitoring each firm's performance.

### **Architectural and Engineering Service**

The Agency will soon procure multi-year Architectural & Engineering (A&E) services that are assigned to specific building types (elderly, scattered site, etc.). This will improve familiarization and continuity in the delivery of professional services, thereby expediting the completion of major capital improvements and rehabilitation.

### **Accessibility**

The CHA will provide Section 504 and Fair Housing training to Agency staff by June 2000. Additionally, CHA will require that all key private management and RMC staff attend Section 504 and Fair Housing training.

**Exhibit 2**  
**Summary of Major Changes in Private Management & RMC Contracts**

Rent Collections	Rents are currently sent to a centralized “lock box” and entries are maintained by the CHA. The CHA also sends out rent statements and late notices. These functions will be transferred to the managers, who will collect rent on site, enter data into the Agency’s integrated computer system, and generate all respective notices.	Utility Management	The private managers and RMCs are not currently involved in either the payment of utility bills or the monitoring of utility consumption. Water and sewer bills will now be sent directly to the manager for payment. Because of well-head arrangements and existing energy performance contracts, the Agency will continue to arrange for payment for gas and electric bills, but will explore ways to decentralize these arrangements as well.
Applicant Screening	With the adoption of site-based waiting lists, the screening of applicants will be handled on-site.	Evictions	The private managers and RMCs will now be responsible for handling of evictions and securing appropriate legal representation.
Security Services	The procurement and administration of security guard contracts, currently centralized, will be transferred to the private managers and RMCs.	Financial Reporting	Current financial reporting requirements will become standardized and streamlined, with most to be submitted electronically.
Force Account	Work currently performed by Agency “force account” crews, mostly in the area of vacancy preparation and environmental remediation, will be transferred to the private managers and RMCs.	Heating Plant Maintenance	The responsibility for heating plant maintenance will be incorporated into the new private management and RMC contracts.
Security Deposits	The administration of the security deposit accounts will be transferred to the private managers and RMCs.	Emergency Maintenance	Responsibility for all emergency maintenance work will be transferred to the private managers and RMCs.
Non-routine Maintenance	Centralized Agency crews currently perform most non-routine maintenance work. Each property will be assigned \$40 PUM for non-routine maintenance, which will permit the private managers and RMCs to hire qualified contractors or supplement existing staff.	Work Order Intake	The Agency operates a central “work order control center” that receives all work order requests from residents. This function will be disbanded and residents will call their respective management office to place a work order.
Payment of Operating Subsidy	Under the current structure, the management company incurs operating costs and then requests monthly reimbursements from the Agency. Consistent with practices in the conventional market, the Agency will establish a monthly payment schedule for operating subsidy to the property. These operating subsidies will be paid at the beginning of each month, eliminating the need for this monthly reconciliation of actual expenses.	Payment of Management Fee	Also consistent with standards in the conventional market, the private firms and RMCs will invoice the project for payment of their management fee rather than wait for Agency reimbursement. The Agency will then post-audit fee payments.
M/WBE and Section 3	Implementing the CHA MBE/WBE and Section 3 requirements will be transferred to the private managers.	Emergency Services	Private managers and RMCs will be responsible for emergency service linkages, including board-up services and emergency relocation assistance. An emergency and evacuation plan will be prepared as a part of the management plan.

**Exhibit 3**  
**Assignment of Non-utility Operating Budgets, by Property Type**

With the new management contracts (to be fully implemented by July, 2000), the Agency will assign an average of \$300 per unit monthly (PUM) in non-utility funds to each property, excluding “deprogrammed” units. A deprogrammed unit is a vacant unit in a building that is targeted for demolition and where the Agency will not prepare the unit for re-occupancy. Deprogrammed units will receive approximately \$192 PUM in non-utility funds, consistent with the lower funding received from HUD for such units.

The budgets assigned to each property will be exclusive of Agency overhead, meaning that these amounts represent what is actually available to operate the properties. Other than the pro-rata share of the Agency’s insurance costs (about \$5-\$10 PUM), there will be no Agency charge-backs since each property will procure all of its own services and supplies.

While the overall average will be \$300 PUM (except deprogrammed units), the amounts assigned to different building types will vary. For FY 2000, these allocations will be on the order of the following:

<b>Type</b>	<b>Approximate Units</b>	<b>Non-utility PUM</b>
Senior	9,480	\$270
Family Low-rise	5,500	\$300
Family Mid-rise	5,500	\$320
Family High-rise	12,000	\$300
Deprogrammed Units	6,000	\$192

The exact amount to be assigned to each property is currently being finalized. The above figures include \$40 PUM for capital (extraordinary) maintenance. The amount to be assigned to Family High-rises reflects the fact that many of these buildings are slated for demolition and that, as units are vacated, they will not be prepared for re-occupancy.

Finally, the above amounts do not include \$5 million (annually) for security. Approximately \$3 million of this amount will be used to provide at least 10-hours of contract security service daily at each senior building. The remaining funds will be allocated, based on need, to family properties.

## Lease and Occupancy

In accordance with the renewed emphasis on property management, the following changes in lease and occupancy policies are in various stages of development. Many changes are found in the CHA's revised A&O, included as an attachment to the Annual Plan.

### **Lease enforcement**

The CHA plans administrative changes to support strong and consistent lease enforcement efforts by professional property managers and RMCs.

### **Applicant screening**

Improved lease enforcement must be coupled with tougher screening procedures to insure that public housing communities are safe and desirable places to live. The CHA will require the professional property managers and RMCs to conduct screening to determine if applicants will make suitable residents. The CHA will not place applicants on the waiting list who do not meet recently established eligibility criteria dealing with the illegal use of drugs and other criminal activity. In accordance with the A & O Policy, all applicants will be subject to uniform screening procedures administered at the site level, often assisted by resident advisory groups, established jointly by CHA and the CAC/LAC. The procedures will assess the applicant's ability to:

- pay rent and other charges on time in accordance with the lease.
- care for and avoid damaging the unit and common areas.
- use facilities and equipment in a reasonable way, create no health or safety hazards and to report maintenance needs.
- respect the right to peaceful enjoyment of others and to avoid damaging the property of others.
- refrain from any activity, including drug-related or other criminal activity, that threatens the health, safety or right to peaceful enjoyment of other residents or staff.
- comply with necessary and reasonable property rules and health and safety codes.

The above criteria are the essential elements of lease compliance covering the range of resident obligations from rent payment to housekeeping. These criteria will also be applied by the CHA to define lease compliant residents in good standing.

### **Fair administration of the screening criteria**

Under the screening procedures, the determination to admit an applicant or make an assessment of good standing for lease compliance will include the following considerations:

- Verifiable evidence of rehabilitation with respect to drug use, drug-related, or other criminal activity.
- Other verifiable evidence of mitigating circumstances presented by an applicant or resident.
- The specific circumstances of the case including seriousness of the offense and extent of participation by family members.
- Resident knowledge that a household member was/is using drugs or engaged in criminal activity.
- Options that permit the CHA and the resident to deal with the family member(s) who are engaged in the unacceptable activity without terminating the lease for the household.

Residents may contest a good standing determination through the Grievance Procedures, and applicants denied admission are entitled to an informal hearing to present evidence of mitigating circumstances.

### **Expanding the definition of family**

Many CHA families live in non-traditional households. In order to keep these families together and to foster the caring relationships that both children and adults need, CHA has broadened its definition of family and, for the first time, acknowledges kinship care arrangements. Under kinship care arrangements the primary caregiver in the household need not be a relative or have legal custody or guardianship for children or others living as part of that family.

### **Local preferences for new admissions**

In accordance with QHWRA, the A&O Policy provides a preference for a mix of incomes. Fifty percent of all new admissions will be for households with annual incomes of not more than 30 percent of area median and 50 percent will be for families between 31 percent and 80 percent of the area median. The CHA is permitted to skip families on the waiting list to assure that a mix of income is achieved. The income mixing preference and skipping flexibility applies only to new admissions. The policy also includes preferences for upwardly mobile families, defined to include families with an adult member who is working or starting job training, and a preference for victims of domestic violence.

### **Site-based waiting lists**

The CHA will take advantage of the changes to waiting list rules in Section 525 of the QHWRA. Subject to review and approval by applicable courts, and in compliance with applicable Fair Housing and 504 disability requirements, CHA will expand site-based waiting lists to all sites and revise the procedures for administering such lists so that all intake activity, including housing offers, can be made at the site. Applicants can place their names on waiting lists for three separate properties. CHA will insure that each applicant has complete information on housing options available in the selection of developments. Further, CHA will monitor the activities of the professional property managers to enforce compliance with applicable Fair Housing and Disability laws. (A Fair Housing Monitoring Plan is included as an attachment to the Annual Plan.)



### **Lease and Grievance procedures**

CHA, in consultation with the RAB/CAC, will undertake revisions to the lease and grievance procedures. The lease will be revised to bring the language in line with the A & O policy as well as QHWRA. QHWRA includes new provisions that address public housing residents who fail to comply with Temporary Assistance for Needy Families (TANF) and community service requirements. At the request of the residents and the RAB/CAC, CHA will also revise the grievance procedures to make it more responsive. Both the lease and grievance revisions will be available for separate public comment.

### **Accessibility**

The A & O Policy protects the rights of persons with disabilities in the following ways:

- Creates a local preference for admission to accessible housing units for current residents and applicants who need accessible units.
- Offers of housing for all accessible units or adaptable units will first be made to current residents having a disability and who require the accessible features of the vacant unit. In effect, a transfer of the resident with disabilities from a non-adapted unit to the vacant accessible/adapted unit. If there is no current resident in need of the unit, the unit will be offered to an eligible applicant having a disability that requires the accessibility features of the vacant unit.
- If there is no such applicant and the CHA offers the unit to an applicant without a disability, CHA will require the applicant to agree to move to an available non-accessible unit within 30 days when either a current resident or an applicant needs the features the unit provides. This requirement will be reflected in the lease agreement signed with the applicant.
- When there is a mismatch between a unit's accessible features and the accessible features needed by the applicant, or if an accessible unit is offered to a family not requiring the features of that unit, the refusal of the unit will be considered a good cause for refusal, and the applicant will not lose their place on the waiting list(s).
- Includes a timetable for accessibility repairs. CHA will make units accessible per the timetable.

### **Rent Structure**

In accordance with QHWRA, residents will pay the lower of an income-based rent or a unit-based rent. An income-based rent has been the standard in public and assisted housing for many years. Ceiling rents are unit-based rents and have been used for some time by public housing agencies to cap rents and thereby retain working families. Ceiling rents are typically related to operating costs. QHWRA expands the unit based rent options by adding a new category of rent called a “flat rent”. The flat rent is tied to market factors. For a detailed description of rent structure, see the discussion in the Annual Plan.

## Human Capital Development

Far from its original purpose as transitional housing for the working poor, public housing developments in Chicago has become permanent communities of extreme poverty. While CHA's primary focus is the rehabilitation, redevelopment, and management of housing that is safe and affordable, the CHA must also consider the human capital needs of its residents.

In the past, the CHA often undertook the responsibility for direct service delivery. Although the intent was to ensure the availability of services, the result was frequently a duplication of services that further isolated and segregated residents. The Agency also did a poor job of monitoring the quality of these programs, which became fragmented and ineffective.

The Plan outlines a new approach, one where CHA reduces its direct role in service delivery but instead concentrates its resources to facilitate residents' access to services in the community. The main strategy of this new model is the establishment of development-based community workers -- "service connectors" -- who will assist residents in identifying and accessing services that already exist or are provided in close collaboration with other public and private agencies. Additional efforts in the area of human capital development include: support for active resident participation and leadership, tenant patrols, senior programs, treatment services, and aggressive fundraising.

### Service Connectors

The CHA will commit approximately \$7.1 million annually to establish service connectors at each property.

Service Connectors may be community residents who are sensitive to and experienced with public housing needs and other human service issues: environmental health risks, substance abuse, special needs for the elderly and/or disabled, public safety, etc. They will be drawn from the community, and receive training as paraprofessionals in the areas of assessment and referral, resource identification, interagency coordination, and systems advocacy and navigation.

The Office of Programs will work to assure that existing programs are available to residents, including: the University of CHA (a summer school and after-school program that improves academic outcomes for at-risk youth through tutoring and team building), early childhood interventions (provided in the home or at quality childcare centers), after-school activities (midnight basketball and tutoring), the summer food program, and career development activities (role model workshops and internships).

### Collaborative Fundraising

Currently, the Agency receives about \$9 million annually in outside funding for various resident services programs. The goal is to increase this amount to \$50 million in five years. Towards that end, a dedicated unit has been created within CHA's Finance Department to develop collaborative fundraising strategies with partners in service delivery. Areas of particular focus include: training and employment services, economic development, education (youth, adult, and senior),

preventative health services for all ages, security (improvements to building security systems, funding for tenant patrols or other community policing initiatives, etc.), and other support services.

### **Senior Programs**

Working with the City's Department on Aging, the CHA will help to provide an array of services for the more than 9,000 senior citizens living in CHA housing, including resource and referral services, Victims Assistance, health screening, education, concerts and other enrichment activities. Service connectors will also be established for senior buildings.

### **Tenant Patrols**

Families and seniors in public housing face gang violence and high crime rates that threaten their daily activities. The CHA Tenant Patrol is a group of concerned residents coming together to help create a stable and secure environment for families. The Agency will continue to fund this initiative at about \$2 million annually; however, the responsibility for coordinating the tenant patrols will be transferred to the private managers. The Tenant Patrols will work in collaboration with the comprehensive community policing and security strategies developed for each housing development.

### **Resident Leadership**

The Central Advisory Council (CAC) and the Senior Housing Advisory Council (SHAC) are the duly organized and constituted organizations representing the tenant interests for all of CHA's housing developments. These councils act on behalf of the residents in matters concerning their welfare. The CAC and SHAC provide invaluable input to CHA planning, policies and procedures. The Agency will continue to fund activities under the CAC/LACs at approximately \$1.4 million annually.

### **Treatment Services**

Although the emphasis will be in assisting residents to access services in the community, the Agency will make available \$2.0 million for each of the next two years under the Drug Elimination Grant for drug treatment services. These funds will be used to purchase services in existing drug treatment facilities to accommodate the needs of residents. While this represents a small percentage of the overall need, these funds will help the Agency to address critical and urgent needs. It is anticipated that fundraising efforts will assure at least an equivalent level of service in out years.

## Protective Services

The Plan introduces a major change in the philosophy of policing and also shifts the responsibility for security services to the property level.

- **Security guard services.** The Agency will fund security guard service at approximately \$5 million annually. This will provide at least 10-hours of coverage daily at each senior building. It will also provide resources for security guard service at various family buildings slated for demolition. The procurement and oversight of this guard service, however, will be transferred to the third party managers, as opposed to centralized Agency staff. These funds are in addition to the base budgets (\$300 PUM average) to each property.
- **Law enforcement.** The Agency recently transferred CHA policing functions to the Chicago Police Department. This change recognizes that all city residents, including CHA residents, deserve the same high quality of police protection. The City will provide these services with the help of a U.S. Department of Justice Community Oriented Police (C.O.P.S.) grant that allows the hiring of 375 new police officers. Coupled with the amount the Agency will pay the City over the life of grant, the Public Housing Section of the Chicago Police Department will be increased to provide a staff of over 500 sworn personnel dedicated solely to public housing.

A combination of vertical patrols, foot patrols and Chicago's Alternative Policing Strategy (C.A.P.S.) will be used to reclaim, revitalize, and maintain the community. During the reclamation phase, problems will be identified, plans will be developed and intensive law enforcement efforts will be employed. Revitalization will be achieved through zero tolerance enforcement, organization of the community through partnerships, and greater efforts to provide services to the community. Once stability has been achieved, the maintenance phase can begin. Enforcement can be scaled back to customary police coverage levels and partnerships and joint strategies with the community will be maintained to sustain a safe, healthy, and productive living environment.

Through the use of one Police Department, a team concept can be realized through a unified police presence and visibility, an increased number of officers for the buildings, coordinated community policing efforts, the assistance of district patrols, and the support of City services. As properties are redeveloped, as victimization levels are reduced. As gallery-style high rises are demolished, the need for specialized policing services will also be greatly reduced.

Overall Agency resources for policing services are estimated to be \$63 million over the next five years. This is less than half of what the Agency has been spending in recent years and yet the actual number of officers assigned to CHA properties will significantly increase.

- **Site-based security plans.** In conjunction with the preparation of the annual budget and management Plan for the property, each private manager and RMC will provide a security Plan for the property, addressing items ranging from physical improvement to tenant patrols. This Plan will be developed in consultation with residents.
- **Monitoring and Oversight.** CHA, in consultation with the RAB/CAC and the Chicago Police Department, will establish a monitoring system to ensure the provision of police and security services at each development (CAPS model).

## Section 8 Rental Assistance

The CHA administers approximately 27,000 vouchers under the Section 8 program. The Section 8 Program provides housing subsidies to owners of private dwellings who lease units (houses or apartments) to eligible households. The Program was created by Congress in 1974 and has become the single largest federal housing assistance program for low-income families. With Section 8, the Agency is able to offer a range of housing options (i.e., project-based and tenant-based assistance).

Under the Section 8 Program, eligible tenants pay about 30% of their adjusted income for rent and utilities. The Housing Authority pays to the property owner a Housing Assistance Payment (HAP) equal to the difference between the tenant payment and the fair market rent for the unit, which is established according to program rules.

After years of agency mismanagement, the Section 8 program was transferred to private management in 1996 and, since that time, administration of the program has improved tremendously. Except for units reserved for court-ordered efforts, the program is fully leased.

The main activities and initiatives proposed under the Section 8 rental assistance program in the years ahead include:

### **Merger of vouchers and certificates**

QHWRA merges and consolidates the Section 8 certificate and voucher programs into one housing choice voucher program. This merger should make the program simpler and more attractive to both voucher holders and landlords. The merger will require a rewrite of the Section 8 Administrative Plan, the primary policy document for the Section 8 program. Significant changes will include:

- Admissions targeting (at least 75 percent of all admissions must be families with incomes below 30 percent of median income).
- The establishment of local preferences, which could include, but not be limited to, working families and persons with disabilities.
- A new model lease, including owner obligations with respect to lease enforcement.
- Extension of the period a family may hold the voucher while searching for a unit beyond the current 120 day limit (this change will assist families relocating out of public housing units).

The revised Administrative Plan for the Section 8 program will be subject to a separate comment period.

### **Screening policy**

The merger rule permits eligibility and suitability screening of Section 8 applicants by the CHA. The CHA will conduct a screening for lease compliance prior to referral to the Section 8 program. (CHAC, CHA's Section 8 contractor, will continue to screen for criminal activity and other issues.) However, the owner of the property still has a final responsibility for screening any family intending to lease a unit.

## **Contract Monitoring**

Similar to the changes to be implemented in the property management area, the Agency will enhance its contract monitoring by implementing the following activities:

### **Reporting Requirements**

The CHA will revise and expand program reporting from CHAC, the Agency's Section 8 contractor. In particular, the Agency will closely monitor relocation and inspection activity. Reports will track the success rate of relocated families versus the families from the general waiting list and general market absorption trends. The Agency will also track the number of days to perform key Section 8 processing functions, such as the period between request for lease approval and inspection or the period between execution of contract and first landlord payment.

### **Quality Assurance**

The CHA will establish a formal protocol for conducting its own quality assurance audits. CHA will review, on its own or by contract, the documents essential to Section 8 program operations. Quality assurance will focus on the following areas: rent calculations, required verifications, rejection of families for the program, maintenance of the waiting lists, adequacy of the briefing, sampling of unit inspections (including re-inspections to make sure the units meet Housing Quality Standards (HQS)), adequacy of rent reasonableness determinations, timely payment of the housing assistance payments (HAP), effectiveness of CHAC's mobility counseling program for second moves, whether landlords are meeting their responsibilities under the program, and other areas as specified in the contract with the vendor.

The CHA will improve its monitoring of compliance with Section 504 and fair housing laws. The CHA also intends to establish a testing protocol to identify and address fair housing compliance in the market place. The CHA may contract with a third party to perform this service.

### **Performance standards and incentives**

The CHA will soon be entering into negotiations to extend the current contract to operate the Agency's Section 8 program. The new contract will include new performance standards and incentives.

## **Mobility Counseling**

As of November 1999, 37.2 percent of all Section 8 households with children live in low-poverty areas (defined as a census tract where not more than 23.9 percent of the households are poor). In 1998, HUD authorized the conversion of 250 vouchers to provide \$2.5 million in funding (to be used over two years) for special mobility counseling services to encourage moves to low-poverty areas. The Agency will request an extension of this program when this initial allocation of funds expires. The Agency has found that "second move" mobility counseling can be particularly effective. These services will be provided directly through CHAC or through third-party contractors.

### **Use of administrative fees to continue and expand service connection efforts**

The Agency is paid a fixed administrative fee to administer each Section 8 unit. The fee savings that the Agency obtains through its private management contract will be used to expand service connection efforts for Section 8 recipients.

### **Landlord outreach**

To expand the number of landlords participating in the program and improve the image of the program and the receptiveness of neighbors, CHA will:

- Work with organizations representing residents, landlords and neighbors, community institutions such as churches and service organizations, elected officials and others to communicate more clearly and effectively about the housing choice voucher program, including the rights and responsibilities of tenants and landlords, the terms of the housing assistance contract, and the process by which leasing is accomplished.
- Promote incentives for landlords across the region to participate in the program, including potential tax abatements and other measures.
- Screen potential recipients of Section 8 vouchers for criminal history and lease compliance, prior to beginning their apartment search. While landlords will still have the ultimate responsibility for tenant screening, CHA will provide this baseline service as part of its commitment that residents referred to the Section 8 program will be ready for the private market.
- Work with organizations representing landlords and property managers to continue to address issues with program functions and processing times.

### **Exception rents and changes to the payment standard**

The Agency has received approval of “exception” rents for 15 high-rent sub-markets in the City of Chicago. The Agency will continue to examine areas where exception rents are required for effective program operation. The CHA will use the information provided in HUD's annual market study, along with other data, to assess the need for exception rents within a community area.

### **Inspections**

The focus will be on maintaining a strong Housing Quality Standards Inspection Program but also expediting inspection turnaround times.

### **Lead poisoning prevention**

The CHA will create financial assistance to assist Section 8 landlords in creating lead-safe housing. The CHA will create a strategy to ensure that Section 8 housing is comparable in environmental safety to CHA owned property, especially in units where pre-school age children reside.

**Accessibility**

The CHA will make a special effort to identify accessible units for the Section 8 program in the City of Chicago and will provide a database of referrals for families who require units with these features.

In order to increase accessibility options under the Section 8 Program to persons with disabilities, CHA will:

- Continue to aggressively apply for additional funding to increase the number of Section 8 certificates for persons with disabilities.
- Recruit landlords with accessible units.
- Establish an “Access Improvement Fund” of \$300,000 annually that will be used to make modest investments (around \$1,000 per unit) to aid with accessibility.
- Request exception rents, where appropriate, to cover the cost of accessibility improvements made by landlords.

**Services and Section 8**

Section 8 Family	Potential Assistance
Relocatee from public housing	<ul style="list-style-type: none"> <li>• <u>Pre-move counseling</u> including housekeeping and budgeting.</li> <li>• <u>Moving and relocating assistance</u> including security deposit payments, utility connection fees, and payment of moving cost.</li> <li>• <u>Mobility counseling</u> including assistance in finding a unit, neighborhood choice options, and visits to possible opportunity areas.</li> <li>• <u>Connection counselors</u> to keep in contact with the family and make referrals in areas such as child-care, education, and job training.</li> </ul>
Waiting List Families that receive a Voucher	<ul style="list-style-type: none"> <li>• <u>Connection counselors</u> to keep in contact with the family and make referrals in areas such as child-care, education, and job training.</li> <li>• <u>Mobility counseling</u> including assistance in finding a unit, neighborhood choice options, and visits to possible opportunity areas (subject to funding availability).</li> </ul>
Section 8 Families Making 2 <sup>nd</sup> Moves	<ul style="list-style-type: none"> <li>• <u>Mobility counseling</u> including assistance in finding a unit, neighborhood choice options, and visits to possible opportunity areas.</li> <li>• <u>Connection counselors</u> to keep in contact with the family and make referrals in areas such as child-care, education, and job training.</li> </ul>



## Section 3 and MBE/WBE Goals

The Plan provides a major opportunity to support small and disadvantaged businesses and to promote employment opportunities (in construction, management, and services) for residents and other low income individuals. CHA is committed to providing that opportunity through carefully targeted Section 3 and Minority-Owned Business Enterprise/Women Owned Business Enterprise (MBE/WBE) programs.

### Section 3 and Apprenticeship

Section 3 of the Housing Act of 1968 requires that 30 percent of new hires to be public housing residents or other low income persons from the community or the City. Under Section 3, contractors must look first to the residents of the development for hiring. To foster this goal, CHA will work with a special task force of the CAC and the Mayor's Office of Workforce Development to craft a hiring and referral program. The program will balance the desire for residents from each development to work on the construction projects in their own development with the need for apprentices to gain sufficient experience to achieve their union cards. CHA is also exploring the potential for collaborating with private and other public agencies to provide specialized education and training for residents willing and ready to work. CHA will also seek to refer residents to contractors and projects funded by other public agencies and private organizations. In support of this goal, CHA has proposed a goal that \$20 million of its construction contracting wages under the Capital Program be the wages of CHA residents in union apprenticeship programs.

### Minority Business Enterprise and Women Business Enterprise

The Agency's goals for MBE/WBE participation are as follows:

For construction contracts:

- 25% of the contract amount for contracts under \$200,000
- 30% for contracts between \$200-500,000
- 35% for contracts between \$500,000 and \$1 million
- 40% for contracts over \$1 million

For materials, supplies and services:

- 20% of the contract amount (regardless of contract size).

In addition to the above, the Agency will encourage mentorship relationships with smaller MBE/WBE firms that can contribute bona fide commercial value to the overall project, including in particular resident owned businesses. CHA will work with organizations serving the minority business community to develop a strategy for promoting such relationships, and for communicating the benefits to potential mentor firms as well as to qualified MBE/WBEs throughout the City.

## Consolidated Budget

The CHA's total budget for its Section 8 and public housing programs is approximately \$637 million annually.<sup>4</sup>

Exhibits 4 and 5 show the sources and uses of funds over the next five years for the Section 8 and public housing programs, respectively. For illustration purposes, the amounts shown (revenues and expenses) are not adjusted for inflation or for changes in unit counts. They assume the same level of funding as projected to be received in FY 2000. Although the number of future public housing units will decrease and the number of future Section 8 units will increase, the pace at which this will occur will not be fully known until completion of the redevelopment planning processes. While these events will affect the composition of Agency funding (i.e., public housing funds will be reduced as Section 8 funding is increased), the purpose of these two exhibits is to convey the Agency's broader approach to spending.

### Exhibit 4 – Section 8

The total budget for Section 8 is approximately \$212 million annually. Of this amount, \$191.3 million represents Housing Assistance Payments to landlords; \$19.5 million represents fees earned to administer the program; \$0.4 million represents interest income from reserves, and \$0.7 million represents funds provided to the Agency for special mobility counseling services. Although mobility counseling funds expire in FY 2000, the Agency has requested that this program be extended. Of the \$19.9 million in combined administrative fees and interest income, approximately \$17.0 million is paid to CHAC to administer the Section 8 program. The balance, which represents the savings generated as a result of private management, will be used for three purposes: (1) Agency monitoring of the Section 8 contract (\$900,000); a new “access improvement” fund to assist landlords make small capital improvements for persons with disabilities (\$300,000); and (3) service connectors for Section 8 residents (\$1.7 million in FY 2000 and \$2.5 million thereafter).

### Exhibit 5 – Public Housing

The total budget for public housing, inclusive of operating, capital, and Drug Elimination Grants, is approximately \$426 million annually. Expenses are grouped according to the major themes of this Plan:

- **Administrative Overhead**

Total overhead costs (i.e., indirect costs) are projected at \$33.5 million in FY 2000 and approximately \$22.0 million in FY 2001-2004, after transitioning to total third-party management. Some centralized functions are transferred entirely to the private managers and RMCs (rent collections, evictions, work order intake, administration of security guard contracts, etc.), others are completely eliminated (central warehouse), and still others are significantly reduced (for example, with fewer overall employees, the Agency needs fewer Personnel staff). Unfortunately, comparisons of overhead costs from previous years cannot be provided since these costs were not separately tracked.

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<sup>4</sup> These figures also include approximately \$8.3 million in FY2000 for the “City-State” program, representing 900 units of agency-owned project-based Section 8.

- **Property Management**

Funding for property management is projected at approximately \$149 million annually. This includes both the operating budgets assigned to each site as well as oversight and monitoring. The figures in FY 2000 include Agency management for some properties through June 2000. The amounts presume a minimum of \$300 PUM in non-utility costs for all properties under private management and RMCs, exclusive of deprogrammed units, which will receive approximately \$192 PUM. These amounts include \$40 PUM (approximately \$18.0 million) for extraordinary maintenance.

- **Utilities**

Costs are projected at \$55 million annually.

- **Resident Services**

The budget includes a base commitment from Agency funds for four core programs: CAC/SHAC, Service Connectors, Family Investment Center, and Tenant Patrols, amounting to \$11.5 million annually. In addition, the Agency will fund \$2.0 million in each of the first two years for drug treatment services, with the expectation that fundraising efforts will be successful in maintaining these services in out years. Presently, the Agency receives \$8.8 million annually in outside grants to support resident programs. Through targeted outreach and fundraising, the Agency expects to increase outside grants to \$50 million annually by FY 2004.

- **Safety and Security**

Police services are projected at \$15.0 million in FY 2000 and \$12.0 million in FY 2001-2004. The budget also includes \$5.0 million annually for security guard service, which includes at least 10 hours of coverage daily at all senior buildings. Funding for the United States Department of Justice grant for Community Policing is not shown here because it will be administered directly by the City.

- **Capital**

The Agency is projecting to receive \$148 million annually under the public housing Capital Fund. Of this amount, \$18 million will be used for capital maintenance (shown under Property Management), \$8.6 million for Architectural and Engineering Services, \$5.2 million annually for Project Management (both redevelopment and construction management staff)<sup>5</sup>, and \$11.1 million in contingency. The balance, or \$109.1 million in FY 2000 and \$105.1 million in FY 2001-2004, will be used for building improvements. No funds are budgeted for non-capital uses.

This Plan represents the first time that the Agency has presented a unified, five-year budget.

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<sup>5</sup> The amount for FY 2000 is only \$1.2 million since construction management salaries were already budgeted from the FY 99 grant.

Exhibit 4

**Section 8 Programs**  
**FY2000-FY2004**

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<u>Section 8</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Totals</u>
<b>Revenues:</b>						
Administrative Fees	\$19.5	\$19.5	\$19.5	\$19.5	\$19.5	\$97.5
HAP Payments	191.3	191.3	191.3	191.3	191.3	956.5
Mobility Counseling Fund	0.7	0.0	0.0	0.0	0.0	0.7
Interest Income	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>2.0</u>
Total	\$211.9	\$211.2	\$211.2	\$211.2	\$211.2	\$1,056.7
<b>Expenses:</b>						
CHAC	\$ 17.0	\$ 17.0	\$ 17.0	\$ 17.0	\$ 17.0	\$ 85.0
Monitoring	0.9	0.9	0.9	0.9	0.9	4.5
Service Connectors	1.7	1.7	1.7	1.7	1.7	8.5
Mobility Counseling	0.7	0.0	0.0	0.0	0.0	0.7
Access Improvement Fund	0.3	0.3	0.3	0.3	0.3	1.5
HAP Payments	<u>191.3</u>	<u>191.3</u>	<u>191.3</u>	<u>191.3</u>	<u>191.3</u>	<u>956.5</u>
Total	\$ 211.9	\$ 211.2	\$ 211.2	\$ 211.2	\$ 211.2	\$ 1,056.7
Surplus/Deficit	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.00

Exhibit 5

Chicago Housing Authority  
Public Housing Programs  
FY2000-FY2004

	2000	2001	2002	2003	2004	Totals		2000	2001	2002	2003	2004	Totals
<b>Revenue</b>							<b>Safety &amp; Security</b>						
Rents	\$39.5	\$39.5	\$39.5	\$39.5	\$39.5	\$197.5	Police	\$15.0	\$12.0	\$12.0	\$12.0	\$12.0	\$63.0
Miscellaneous Income	1.1	1.1	1.1	1.1	1.1	5.5	Security	5.0	5.0	5.0	5.0	5.0	25.0
Operating Subsidy	183.4	183.4	183.4	183.4	183.4	917.0	Terminal Leave	0.7	0.0	0.0	0.0	0.0	0.7
Drug Elimination Grant	10.5	8.3	8.3	8.3	8.3	43.7	Employee Benefits	0.1	0.0	0.0	0.0	0.0	0.1
City/State Revenue	8.3	6.7	6.7	6.7	6.7	35.1	Subtotal	\$20.8	\$17.0	\$17.0	\$17.0	\$17.0	\$88.8
Capital Grant	146.2	148.0	148.0	148.0	148.0	738.2	<b>Capital:</b>						
Reserve	17.0	0.0	0.0	0.0	0.0	17.0	A & E	\$8.6	\$8.6	\$8.6	\$8.6	\$8.6	43.0
Overhead Budgeted from CGP 99	10.7	0.0	0.0	0.0	0.0	10.7	Project Management	1.2	5.2	5.2	5.2	5.2	22.0
Other Grants	8.8	20.0	30.0	40.0	50.0	148.8	Building Improvements	109.1	105.1	105.1	105.1	105.1	529.5
Total Revenue	\$425.5	\$407.0	\$417.0	\$427.0	\$437.0	\$2,113.5	Contingency	11.1	11.1	11.1	11.1	11.1	55.5
<b>Administrative/Overhead</b>							Total	\$130.0	\$130.0	\$130.0	\$130.0	\$130.0	\$650.0
Executive Office	\$8.6	\$8.6	\$8.6	\$8.6	\$8.6	\$43.0	Total Expenses	\$425.5	\$407.0	\$417.0	\$427.0	\$437.0	\$2,113.5
Finance & Administration	9.7	5.0	5.0	5.0	5.0	29.7	Surplus/Deficit	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
General Expense	9.1	5.0	5.0	5.0	5.0	29.1							
Terminal Leave	0.5	0.0	0.0	0.0	0.0	0.5							
Employee Benefits	5.6	3.0	3.1	3.2	3.3	18.2							
Subtotal	\$33.5	\$21.6	\$21.7	\$21.8	\$21.9	\$120.4							
<b>Property Management:</b>													
Routine	\$122.1	\$126.1	\$128.7	\$128.6	\$128.5	\$634.0							
Extraordinary Maint. (Capital Fund)	18.0	18.0	18.0	18.0	18.0	\$90.0							
Terminal Leave	3.8	0.0	0.0	0.0	0.0	3.8							
Employee Benefits	9.5	2.3	2.3	2.3	2.3	18.7							
Subtotal	\$153.4	\$146.4	\$149.0	\$148.9	\$148.8	\$746.5							
<b>Utilities</b>													
Utilities	\$55.0	\$55.0	\$55.0	\$55.0	\$55.0	\$275.00							
<b>Resident Services:</b>													
CAC/SHAC	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	\$7.0							
Service Connectors	7.1	7.1	7.1	7.1	7.1	35.5							
Family Investment Center	1.0	1.0	1.0	1.0	1.0	5.0							
Tenant Patrols	2.0	2.0	2.0	2.0	2.0	10.0							
Drug Treatment	2.0	2.0	0.0	0.0	0.0	4.0							
Admin/Other	6.6	1.5	0.8	0.8	0.8	10.5							
Other Grants	8.1	20.0	30.0	40.0	50.0	148.1							
Terminal Leave	0.3	0.0	0.0	0.0	0.0	0.3							
Employee Benefits	4.4	2.0	2.0	2.0	2.0	12.4							
Subtotal	\$32.9	\$37.0	\$44.3	\$54.3	\$64.3	\$232.8							

## **Timeframes and Performance Standards**

Exhibit 6 includes timeframes for each of the major initiatives presented in this Plan. Most of the management changes will occur in the first six months of this Plan.

In its list of waivers and requests to HUD, the CHA has asked that its Public Housing Assessment System (PHAS) score for five years will be waived. In lieu of PHAS, the Agency will prepare annual plans and year-end reports which will include performance standards. Although PHAS will be waived, the Agency will continue to have its units undergo the independent physical inspection and independent resident survey. The results of these inspections and surveys will be advisory only.

In order to allow the public to track CHA's progress under this Plan, CHA will publish a quarterly progress report. The report will outline CHA's achievements on key initiatives and performance measurements agreed upon by HUD and CHA.

**6. TIMEFRAMES FOR MAJOR INITIATIVES**

		<b>DESCRIPTION</b>	<b>START</b>	<b>END</b>
<b>Capital Plan</b>	Demolition	The agency will apply for demolition of all high rise buildings that are currently vacant in early 2000. Assuming expeditious HUD review and approval, these buildings will be demolished in the latter part of 2000. All other demolitions will be dictated by approved redevelopment plans.	2/1/00	12/2/00
	Renovation of Senior Properties	The first renovations will begin in the third quarter of 2000 and will continue through the third quarter of 2002.	7/1/00	9/30/02
	Renovation of Scattered Site Properties	The first renovations will begin in the third quarter of 2000 and will continue through the third quarter of 2002.	7/2/00	9/30/02
	Development of Redevelopment Selection Criteria	The Working Group to establish criteria by February, 2000.		3/1/00
	Renovation/Redevelopment of Non-202 Family Properties	CHA will issue request for qualifications from development teams in March 2000, with awards by May 2001. Renovation/redevelopment will take three years (through 2004)	3/1/00	12/31/04
	504 Self Evaluation and Transition Plan	CHA will procure services for the 504 self evaluation and transition plan and complete the process by July 2000.	2/1/00	7/1/00
	Renovation/Redevelopment of Section 202 Properties	The Agency will issue request for qualifications from development teams in March 2000, with awards by May 2001. For those proposals selected for award, redevelopment will take four years (through 2005).	3/1/00	12/31/05
<b>Property Management</b>	Private Management	All properties to be placed under private management on or about June 1, 2000.	12/1/99	6/1/00
	Development and Assignment of Property-based Budgets	New budgets to be assigned as properties are transferred or re-bid to private managers (on or about June 1, 2000).	1/1/00	6/1/00
	504 Training	The Agency will provide 504 and Fair Housing training to Agency staff.	2/2/00	6/1/00
	Implementation of New Management Contract with Private Managers	To be implemented with new contract awards (on or about June 1, 2000).	2/1/00	6/1/00
	Development of New Contract Monitoring System for Property Management	To be implemented with new private management contracts (no later than June 1, 2000).	2/1/00	6/1/00
<b>Lease and Occupancy</b>	Admissions and Occupancy Policy	A new A & O policy has been completed will be implemented the first quarter of 2000.	1/1/00	3/1/00
<b>Human Capital Development</b>	Service Connectors	The Agency will start establishing "service connectors" offices in the first quarter of 2000 and have the remainder completed by third quarter 2000.	1/1/00	9/30/00
<b>Protective Services</b>	Transfer of Police Functions	Completed		
<b>Section 8</b>	Section 8 Administrative Plan	A new Administrative Plan for Section 8 will be completed in the first quarter of 2000.	12/1/99	3/31/00