

**Chester Housing Authority
Judicial Administrator for Development's Report**
December 31, 2008

**United States District Court for the Eastern District of Pennsylvania
Re: Velez, et al. v. Cisneros, et al.
Civil Action Number 90-6449**

**Robert C. Rosenberg
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SPEED
LIMIT
35

"Tower site cleared"

12.04.2008

I. Introduction

On April 1, 2005, the Court changed the structure of its oversight of the Chester Housing Authority (CHA). The role of Robert C. Rosenberg, President of the Rosenberg Housing Group (RHG), was limited to that of Judicial Administrator for Development (JAD). As the JAD, Mr. Rosenberg is charged with completing the residential revitalization efforts under the Wellington Ridge and Chester Towers Hope VI grants and to work on several projects aimed at ensuring the long-term sustainability of the CHA communities. At the Court's request, the JAD provides this progress report on JAD activities in the past year.

Two phases of the Chester Towers Revitalization were completed during this reporting period. Both Chatham Terrace Family Housing and Logan Terrace Town Homes (Phases II and III, respectively) were constructed on time and within budget. In addition, the twin high-rise senior towers were demolished as planned. Construction of the next two phases of the Chester Towers Revitalization Plan on the site of the former towers is imminent.

As for the Wellington Ridge effort, HUD approved a second amendment to the Wellington Ridge Revitalization Plan on September 8, 2008 for the scattered-site homeownership component of the Wellington Ridge HOPE VI Revitalization Plan. The ambitious relocation and demolition plan for the neighborhoods is complete, which enabled both Phases I and II of Wellington Heights to close. Construction began on a model home and the developer is currently conducting the site work throughout.

After many false starts, our current retail center developer has secured a first rate union shop supermarket as the retail anchor tenant. Closing of the transfer of title and a construction start are targeted for this spring. CHA may use a portion of the sale proceeds to finance the retail development on the Towers' site.

II Wellington Ridge 2001 HOPE VI Retail Implementation

When McCaffrey Village was demolished under its HOPE VI grant, a 12 acre parcel bounded by Highland Avenue was left vacant to allow for the development of a retail center of about 125,000 square feet. This space was to be anchored by the City's first new supermarket in decades. Initially, it was assumed CHA would land lease the site to a retail developer; however, three developers later, CHA sold the site, with HUD's approval, to Chester Wellington Development Corp., a subsidiary, which in turn entered into a contract of sale to Brandywine Real Estate Management Financial Services Corporation. This contract contained various pre-conditions, including a lease with a first-class supermarket operator approved by the Court. The social and economic conditions of the area made finding such an operator daunting. There were difficulties in obtaining sufficient rents to cover the costs of construction and financing. Several extensions were granted, allowing Brandywine the ability to seek an acceptable tenant. Fortunately, with the help of a group of local legislators, the state budget provided a \$4 to 5 million grant to aid in the building of the supermarket. A deal was struck, this month, for a 45,000 square foot supermarket. As a result, we anticipate a closing and construction start before this summer. In the interim, leases with additional stores are

being finalized and we can look forward to the creation of a major amenity for the communities plus several hundred new permanent jobs. CHA is funding a major job-training program for future workers in the center.

We also are planning, in concert with the retail developer, to seek financing under the New Market Tax Credits program to assist in funding both the balance of the retail center and the Community and Cultural Center (Phase VI of the Towers Revitalization).

III Chester Towers 2004 Hope VI Grant Implementation Site

In the opening paragraph of our HOPE VI grant application of July 20, 2004, we stated: “ The Chester Towers HOPE VI Revitalization presents a comprehensive strategy that targets an isolated, severely distressed senior high rise public housing development for demolition in order to develop: a mixed-income/multigenerational community with senior housing and homeownership opportunities; a retail corridor in a newly designated tax-free Keystone Opportunity Zone; and a regional Arts and Cultural Center which together will create an enticing gateway for the City of Chester...that will be home to a vibrant senior residential community and...cultural center connecting neighborhood to a city park and adjacent university.”

We have remained true to our goals: Successful implementation of the three off-site components in our plan, and the demolition of the Towers and the CHA office building. However, in order to move forward toward the completion of our ambitious revitalization plan, we needed to restructure the final two on-site phases into four phases to satisfy financing, construction, zoning and planning considerations.

(A) Phase II: Chatham Terrace Family Housing.



The financial closing for Chatham Terrace occurred on September 21st, 2006. Financing for Chatham Terrace, which included the issuance of tax-exempt bonds, was the first time such a financing structure had been utilized by CHA. HOPE VI and RHF funds from CHA were utilized as collateral for the bonds. In addition to the bonds, the development received 4% Low-income Housing Tax Credits (“LIHTCs”), and a \$2 million grant from the Commonwealth of

Pennsylvania.

Roizman Development worked diligently on the construction and occupancy of this rental community comprised of 48 one, two, and three-bedroom family units located at 7th and Tilghman Streets, of which, 29 units have been designated as public housing. The development also included the construction of a 4,200 square foot residential Community Center that serves the entire Chatham Estate community and is managed by the combined resident council board.

(B) Phase III: Logan Terrace Townhomes.

Located adjacent to Chatham Terrace Apartments, Logan Terrace Townhomes, an affordable homeownership development, was constructed on the site of the former Booker T. Washington School. This phase, which was closed on September 22, 2006, includes the development of 24 three-bedroom homes. Bank of America provided the



construction financing. Roizman Development entered into a broker's agreement with Century 21 Alliance to market the homes. The Chester Community Improvement Project (CCIP) provided homebuyer training and counseling to prospective buyers, and the Chester Economic Development

Authority provided down payment and closing cost assistance to eligible first-time homebuyers. Interest in the townhomes, selling for \$100,000 (5 homes) and \$110,000 (19 homes), has been strong, and at this time, all of the homes have been sold. HOPE VI funds were used to write-down the construction cost of the homes to make them affordable to eligible families earning at or below 80% of the area median income. All homebuyers were required to sign a five-year deed restriction whereby any gain on the sale of the home is to be shared with CHA on a sliding scale basis.

(C) Phase IVA & B. Chester Towers I & II

Last year, nearly 300 seniors who reside in the Towers were successfully relocated. This year witnessed the abatement and demolition of both the two high-rise towers and the CHA office building.

Phase IV (prior plan)

Under the currently approved Chester Towers Revitalization Plan and Replacement Housing Plan, Phase IV of the Towers program consists of 51 rental units on the Chester Towers site comprised of 20/ACC/LIHTC units – 19 one bedroom and 1 two bedroom; and 31 LIHTC/Project Based Section 8 units – 31 one bedroom. Phase IV also included a plan to construct 2,000 square feet of retail space and 8,000 square feet of office space to serve as the new CHA administrative offices, both within a residential tower to be owned by the developer.

Phase V (prior plan)

Under the currently approved Chester Towers Revitalization Plan and Replacement Housing Plan, Phase V consists of 70 rental units including 22 ACC/LIHTC and 48 LIHTC with Project Based Section 8. Additionally, the Phase V component included the construction of a 20,000 square foot Chester Community and Cultural Center to be owned by the developer and leased to a local community group.

Land Development Plans Revised for Compliance with City Land Development and Zoning

The land development plans for both Phase IV and V were submitted by the developer to the City of Chester for approval in the later half of summer, 2007. During the course of the City's review, specific zoning, land ratio, and parking requirements for the site plan were imposed by the City to accommodate both residential and non-residential needs within this irregular, small rectangular site. These City-imposed changes added significant changes and time to revising the proposed site plan in order to get the necessary approval to move forward from the City. Four (4) separate lots were created resulting in the need to re-configure Chester Towers as Phase IVA and IVB, Phase V, and a new Phase VI. The four-lot site development plan has received City approval and the Chester Towers site will now be developed as follows, subject to HUD approval of an amended Revitalization Plan submitted on September 24, 2008.

Phase IVA and IVB:

1. Phase IVA. Now known as Edgemont Senior Apartments, Phase IVA will consist of an 87 unit four-story mid-rise elevator building designated for the elderly and will be constructed on "Lot 1" of the Chester Towers site. Of the eighty-seven (87) LIHTC rental units, 34 will be designated for public housing residents and will receive ACC subsidy. The remaining 53 units will be designated solely as tax credit units and will receive project-based Section 8 voucher assistance. Edgemont Senior Apartments will also include a 2,000 square foot community room on the second floor to serve the recreational and social needs of the future residents. Edgemont Associates 2007, L.P., will own Edgemont Senior Apartments.

2. Phase IVB. Phase IVB is the development phase for the CHA Administrative Office and Retail Building. Phase IVB will be built on “**Lot 3**” of the Chester Towers site. It will consist of approximately 11,376 square feet contained in a three-story office and retail building that will house the CHA Administrative Offices on the second and third floors with approximately 3,000 square feet of leasable retail space on the ground floor. The CHA Administrative Offices and ground floor retail will be owned by the CHA and funded with a combination of non-program income for the retail with the balance of development funds for the offices coming from either the HOPE VI grant or RHF funds.

The City was very anxious to have a three story building between Edgemont Senior Apartments and the Chester Community and Cultural Center for the purposes of transition, to have a more vibrant thoroughfare, and to complement the development now under construction just to the west of this site.

Phases IVA and IVB will be developed simultaneously by Roizman Development Inc. The developer will develop both components under one general construction contract. The construction of Phases IVA and IVB will be completed by the HOPE VI Grant expenditure date of September 30, 2009 to allow the HOPE VI Grant to be appropriately closed out within the prescribed HUD time duration. Because of the shared parking, the site work for all the phases must be completed and funded during the construction of Phases IVA and IV B.

Phase V:

Phase V is now known as Madison Senior Apartments and will consist of a 38-unit mid-rise building to be designated for the elderly. Madison Senior Apartments will be constructed on “**Lot 2**” of the reconfigured Chester Towers site plan. Originally proposed as a 70-rental unit building that would have 22 ACC/LIHTC units and 48 LIHTC/Project Based Section 8 units, Madison Senior Apartments is planned to have a total of 16 rental units designated as ACC/LIHTC units, and 22 LIHTC/Project Based Section 8 units. This development is slated to start construction some time between late 2009 and fall of 2010. Madison Senior Apartments will be funded by a combination of LIHTC, RHF and state and local grants. Madison Senior Apartments will be owned by an entity created by the developer. The developer may submit an LIHTC application at the end of 2008 in order to move forward expeditiously with this phase.

Phase VI:

Phase VI is a newly added phase to the Chester Towers development schedule. Phase VI represents the final phase of the redevelopment effort. Proposed to contain 12,500 square feet in a ground level building complex, the Chester Community and Cultural Center will be built on “**Lot 4**” of the Chester Towers site. Phase VI will be built outside of the HOPE VI grant funding expenditure timeframe and will be developed with funds from sources other than HOPE VI, including NMTC, corporate and foundation grants, and program income. Originally planned as a 20,000 square feet 2-story facility, the size has

been reduced to 12,500 square feet to accommodate the City's parking and zoning requirements for this small land mass. The Chester Community and Cultural Center will be owned by the CHA and managed by a yet-to-be selected non-for-profit agency engaged in providing cultural, educational and community services to local residents.

The Completion Schedule for Phase IVA and IVB, and Phases V and VI

Due to the significant challenges associated with the zoning and land development approvals needed by the City for the Chester Towers site, the time needed to complete the final phases has taken significantly longer than originally anticipated. We now expect the final phases to be completed and occupied by September 2010.

Development Financing

1. **Phase IVA, Edgemont Senior Apartments** will be developed with a combination of LIHTC, state grants, HOPE VI and CHA's RHF funds. In January 2008, the CHA received a Commonwealth of Pennsylvania Department of Community and Economic Development housing grant for the development of Edgemont Senior. The developer also received an award allocation of LIHTCs in May 2008 for this development.
2. **Phase IVB, the CHA Administrative Offices and Retail** component will be developed with an apportioned amount of HOPE VI or RHF funds for the CHA administrative offices. The ground level retail component may be developed with non-program income from the sale of land owned by CHA.
3. **Phase V** will be developed with a combination of LIHTCs, CHA RHF funds, and state and/or county grants. Although an application for LIHTCs was applied for in December 2007 for the 2008 tax credit round, Phase V did not receive an award of tax credits. A second tax credit application has been submitted for the next round with an expected award in the spring of 2009, closing to be held by July 2009 and completion of the project in the spring of 2010. The development of Phase V will exceed the time obligation and expenditure date of funds for the HOPE VI grant of September 30, 2009. Therefore, Phase V will be developed with RHF funds and the sale of tax credits and other state assistance. At this time, due to the severe economic problems facing the entire affordable housing industry the JAD is also exploring the possibility of an economic stimulus grant (NSP) to close a projected gap due to various factors including lower equity pricing for LIHTCs.
4. **Phase VI - Chester Community and Cultural Center.** The CHA and the developer of the Wellington Ridge Retail Center plan to seek NMTC financing in 2009 to fund both projects. In addition, it is anticipated that this development will be supplemented by a combination of program income, and foundation and other grants including state grants for community development. Our projection is to

build this phase concurrently with Phase V to reduce construction costs. Construction of Phase VI will be completed in the fall of 2010.

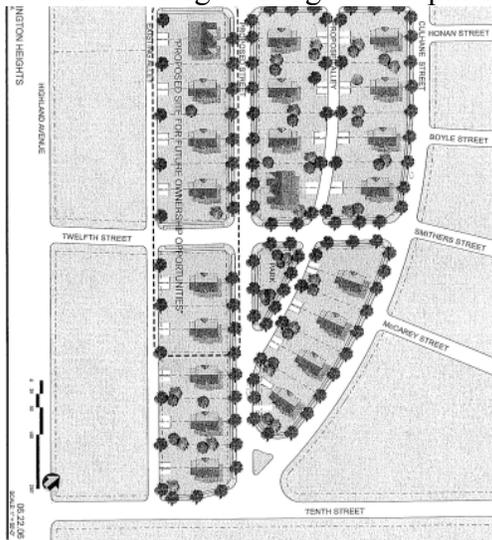
IV McCaffery Village Hope VI- Wellington Heights Home Ownership Redevelopment Plan

In 2001, HUD awarded the CHA a \$9.7 million HOPE VI grant to revitalize the former McCaffrey Village public housing development. Using the HOPE VI grant, the CHA and its developer leveraged an additional \$24 million to create the new Wellington Ridge community, which included 86 public housing townhome units, a 24-unit senior village, and 26 affordable homeownership units. These residential components were completed in August 2003. Since then, the JAD has been working with its partners to complete the final two components of this revitalization effort – the off-site residential units Highland Gardens, and the retail complex, The Shops at Wellington Ridge (see Part II above).

A. Highland Gardens - Wellington Heights and 6th and Reaney

In June 2004, HUD approved changes to the HOPE VI Revitalization Plans for Chatham Estates and Wellington Ridge. This change approved the shift of 30 off-site homeownership units from the Chatham Estates Revitalization Plan to the Wellington Ridge Revitalization Plan, so that the Wellington Ridge Revitalization Plan now includes 50 off-site homeownership units.

The 50 off-site homeownership units are to be constructed on two different sites - 42 units will be located in the Highland Gardens neighborhood located across Highland Ave. from the Wellington Ridge development, and 8 units will be located in the West End



Wellington Heights Site Plan

neighborhood at 6th and Reaney Streets on a vacant parcel owned by the Chester Redevelopment Authority (CRA). HUD approved our Homeownership Proposal and Amended Revitalization Plan on September 3, 2008.

The Highland Gardens community, constructed in 1943 as ship worker housing, consists of densely situated two-story, three-bedroom, one-bath residential structures in attached rows. Over the past 30 years, Highland Gardens has become a growing problem for the City of Chester with increasing evidence of disinvestment in the housing stock. Highland Gardens is primarily occupied by low-income renters with some homeowners. Crime has been a significant problem and the development is a

blighting influence on this section of the City. The lowest point for the community happened in 2002 with the gang murder of a Chester Police Officer.



Wellington Heights Front Elevation

The off-site homeownership development will be located in the most distressed portion of the Highland Gardens community. It will include new homes, fitting the lifestyle of today's families on new streets that reconnect the site back into the surrounding community. Additionally, a new park will provide much needed programmed open space for the neighborhood. In anticipation of this, the homeownership development has been renamed Wellington Heights.

To construct the Wellington Heights development, 116 properties were acquired by the CRA through a combination of negotiated sales and condemnations

in the Highland Gardens community. CRA gained clear title and possession to all of the targeted properties, demolition has been substantially completed and title to the various parcels has been conveyed to the Developer.

Site work throughout and construction of a model home has begun. Homes will be constructed as the units are placed under contract.

The 50 homeownership units have been separated into two different phases - one 30-unit phase in



Highland Gardens is cleared.

the Highland Gardens community and one 20 unit-phase with 12 units in the Highland Gardens community and the other 8 units to be located at 6th and Reaney - due to utilization of the funding sources. These funding sources include a Homeownership Construction Initiative grant from the Pennsylvania Housing Finance Agency, Affordable Housing Program funds from the Federal Home Loan Bank of Pittsburgh, Delaware County Affordable



Wellington Heights model under construction

Housing Fund and HOME dollars, Pennsylvania Department of Community and Economic Development Brownfields for Housing funding, and downpayment and closing cost assistance from the City of Chester, in addition to Replacement Housing Factor

funding from CHA, used to acquire and demolish the entire development, and for construction on Phase II.

V Neighborhood Network Grants

In July 2006, the CHA submitted an application for a Neighborhood Networks (NN) Grant from HUD. The initial application was not funded. At the suggestion of Steve Fischer, CHA Executive Director, the JAD retained the Community Economic Development Resource Center, a non-profit corporation, to work on refining the NNC proposal and making it a competitive application, which was funded this year.

The NNC, proposed to be located in the Chester Community & Cultural Center and other CHA developments, will provide resident enrichment opportunities. Technology and services to be provided include computer hardware and internet access, printers and scanners; software for early childhood education, word processing, spreadsheets, music, and graphic arts; and self-paced learning modules and instruction to engage CHA residents.

VI MISCELLANEOUS

At the CHA's Executive Director's urging, we recently hired Richard Goldstein to act as CHA's CSS liaison and work with the Executive Director on the creation of Section 3 employment opportunities and businesses with the goal of building sustainability. This is in addition to the CSS services being provided to the former Towers residents under the guidance and coordination of the Delaware County Office of Service for the Aging (COSA).

Lastly, we were very fortunate to have obtained the services of Nina Liou as our new HOPE VI Coordinator.