

**Chester Housing Authority
Judicial Administrator for Development's Report
October 14, 2010**

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



Left to Right: Brian Hudson, Executive Director of PHFA; Robert C. Rosenberg; Judge Norma L. Shapiro; Noam and Isreal Roizman, Developers; Governor Edward G. Rendell; and Sandra Henriquez, HUD Asst. Secretary for Public and Indian Housing

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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.

Prior to this reporting period, under the Receivership, most of CHA's residential developments had either been replaced or substantially renovated. The CHA had completed resident relocation and demolition for the two high rise senior towers, the distressed properties targeted in the agencies third HOPE VI grant. Since the last report, construction began on Phases 4 (a), 4(b) and 5 of the Chester Towers HOPE VI Revitalization of two of the buildings are now completed. Plans are being made for Phase 6. Despite the economic slow down, the Highlands Gardens home ownership project has continued to move forward.

The Towers Revitalization:

In late 2003, HUD awarded a FY2003 HOPE VI Implementation Grant to the Authority in the amount of \$20,000,000 in HOPE VI grant funds for the comprehensive revitalization of the Chester Towers site and other sites owned by the Authority. The Revitalization Plan, as amended, was structured as summarized in the following chart and further detailed in the below narrative:

Chester Towers Revitalization Plan	LIHTC/ ACC	LIHTC/ Section 8 Project Based	Total Units
I Matopos Hills Senior	29	53	82
II Chatham Terrace Family	29	19	48
III Logan Terrace Homeownership	-	-	24
IV-A Edgemont Senior	34	53	87
V- Madison Senior	16	22	38
Total Units	108	147	279

As part of the Revitalization Plan, the first phase of the Chester Towers HOPE VI was structured to serve as an offsite relocation resource and we worked in concert with our co-developer, Roizman Development, Inc. (RDI), to construct an 82 unit senior facility located on a portion of the Ruth Bennett (Matopos) development. Following construction of Matopos, RDI constructed Phase 2, the Chatham Terrace Apartments, an offsite, 48 unit family development. Phase 2 and Phase 3, the adjacent Logan Terrace Townhomes, a 24 three bedroom for-sale townhome development, were constructed simultaneously.

Phase I (Matopos Hills Senior Apartments), Phase II (Chatham Terrace Apartments) and Phase III (Logan Terrace Townhomes) have been successfully completed and are now 100% fully occupied and in the case of Logan Terrace, all of the 24 townhomes have been sold.

Phases 4, 5 and 6:

As originally envisioned the CHA office building located on the Towers site was to be part of one of the two new senior structures, and, with a separate Community and Cultural building (Phase 6). As previously reported, in response to planning and urban design issues raised by the City the first two phases were

redesigned to provide for a separate free standing three floor, 11,376 square foot CHA Administrative structure with retail space on the ground floor; and, two separate senior facilities, Edgemont Senior and Madison Senior. CHA has successfully leased the retail space associated with the CHA Administrative building.



Edgemont Senior Apartments

Edgemont Senior Apartments is Phase 4A of the HOPE VI revitalization, and is an 87 apartment unit, four story structure along Avenue of the States. Its total development costs of \$20,531,584 is being funded with a combination of sources:

i) \$2,823,337 in HOPE VI; ii) \$1,053,341 in Replacement Housing Factor (RHF) funds; iii) \$1,014,157 in CHA Public Housing Capital Funds (Capital Funds); iv) \$2,000,000 from Pennsylvania's Department of Community and Economic Development; and v) \$13,614,861 from the Pennsylvania Housing Finance Agency's (PHFA) Exchange loan funds (stimulus funding pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009 (ARRA) and a small deferred development fee in the amount of \$25,888. The closing took place on August 11, 2009 and in mid-September of this year a certificate of occupancy was issued and new residents began moving in. Included in this structure is a community space of 2000 feet.



Utilization of solar panels for energy production at Edgemont

For Phase 4B, we obtained a waiver from HUD to allow the use of RHF funds, instead of HOPE VI, in combination with other funds to build the new administrative building. The administrative building is now completed and occupied. RDI acted as Project Manager for CHA in this approximately 3 million dollar undertaking.

Two months following the Edgemont closing, on Oct 6, 2009, we closed



Madison Senior Apartments

Phase 5 which involved the 38 unit Madison Senior Apartments. Phase 5 has a total development cost of \$10,853,432 funded as follows:

\$2,064,258 of Capital Fund Recovery Competition (CFRC) grant funds, \$447,908 of ARRA Capital Funds allocated by formula, \$250,200 of RHF funds, \$250,000 of Project Income and \$7,841,066 in PHFA ARRA Exchange funds. Occupancy of Madison will occur during October 2010. In October 2009, Governor Edward Rendell, assistant HUD Secretary Sandra Henriquez and Judge Norma L. Shapiro all participated in a great groundbreaking ceremony.



The Community and Cultural Center (Phase 6) has been, since the original HOPE VI application, an integral and important ingredient of our Revitalization

Plan. In the opening paragraph of our HOPE VI grant application as 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; 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 are now moving forward with the final phase of the Revitalization Plan with a major improvement in the works.

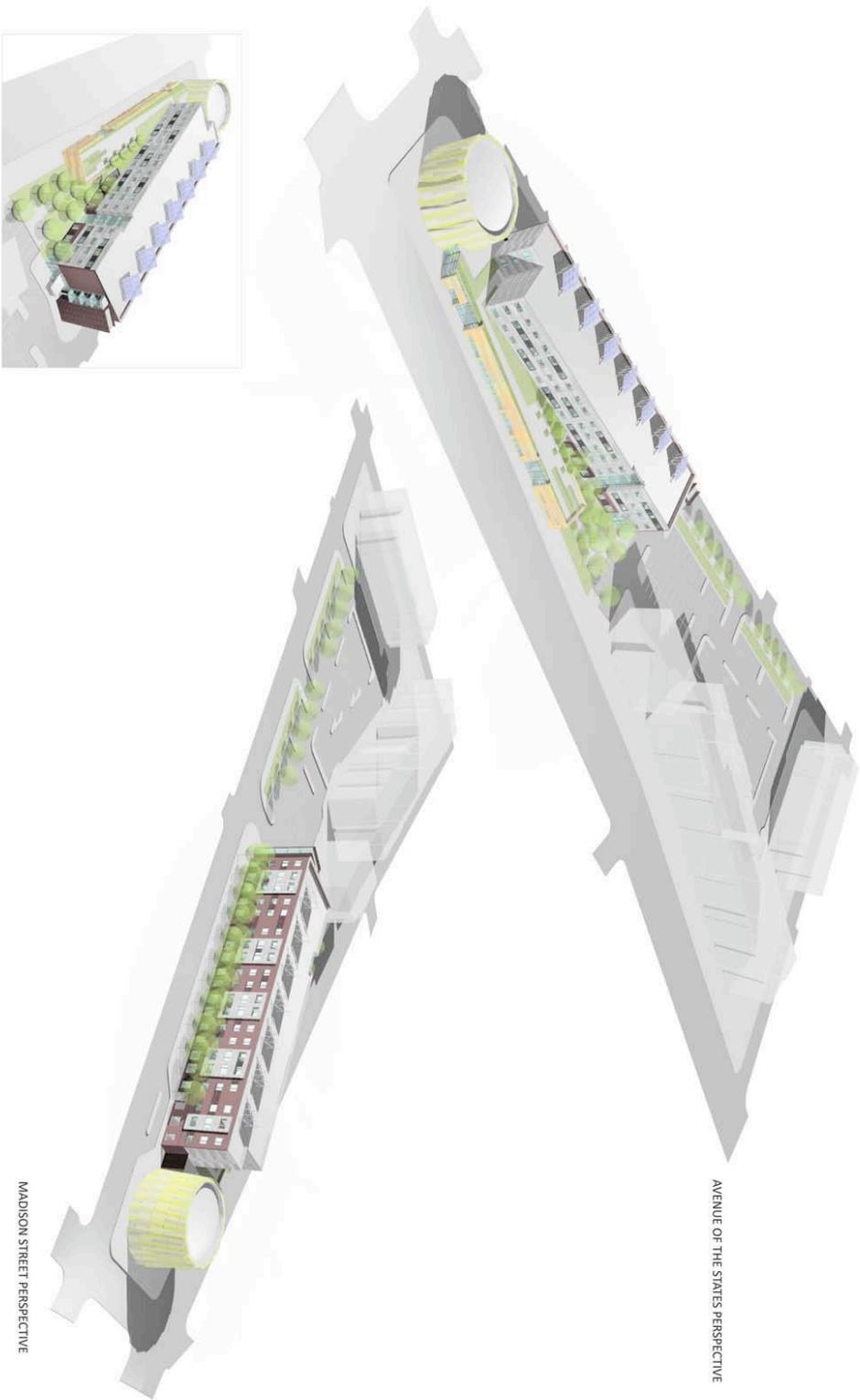
As a result of having demolished public housing units under an annual contributions contract (ACC) both at Ruth Bennett and the Tower’s site CHA became entitled to two new RHF grants. On July 28th, 2010, we submitted amendments to our then existing plans to HUD as well as a plan for the new fund resulting from the Towers demolition, calling for the utilization of various funds to finance the ACC units in a new 37 unit senior residence which physically includes the separately financed 12,500 square feet Community and Cultural Center. Conditional approval was issued by HUD on October 1, 2010. We also filed, in cooperation with Roizman Development, an application with DECD for a \$3,000,000 grant to defray the center’s construction cost.

In order to make the RHF funds currently available , we plan to securitize the flow of future funding by working with the Pennsylvania State Housing Finance Agency or another participating lender. If there are surplus funds

generated, they will be used off site for more ACC and other units. Combining the Center with residential housing made the funding of this phase financially feasible.

We presented the schematic plans for this combined structure to Mayor Wendell Butler and Planning Director William Payne, together with a parking study by Orth-Rodgers and Associates. In response to feedback from the City, our architects, Wallace, Todd, Roberts, are exploring the possibility of adding some below street level parking, although the Orth-Rodgers study concluded that more on site parking was unnecessary if their recommendations were followed. The Center's layout represents programmatic input of Chester Arts Alive.

We will shortly amend our Revitalization Plan and the Master Developer Agreement to encompass the changes in Phase 6. RDI will be applying in November for Low-income Housing Tax Credits (LIHTCs) from PHFA. This is now a two stage process with the final round occurring in March. In the meanwhile we are working with Chester Arts Alive (a 501c3) to select an Executive Director and recruit new board members for the Center's non profit operator. If all goes reasonably well Phase 6 should be operational by fall 2012.



AVENUE OF THE STATES PERSPECTIVE

MADISON STREET PERSPECTIVE

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

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 by Pennrose Properties on two different sites- 42 units will be located in the city condemned Highland Gardens neighborhood (now called Wellington Heights) located across Highland Ave. from the Wellington Ridge development, and 8 units will be located in the West End 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 eight homes at 6th and Reaney were sold rapidly. However, the recession and unavailability of mortgage financing substantially slowed progress

at Wellington Heights. Of the planned 42 units, 24 homes have been constructed, completed and sold, and another 10 homes are under construction. The rate of home sales will determine the timing of starting construction for the 14 remaining units.

The Retail Development of Wellington Ridge:

The Court and the JAD have worked tirelessly to develop the retail complex on the vacant CHA 12.3 acre parcel on Highland Ave. We have worked with numerous developers and supermarket operators. Despite our efforts and the generous help of Norman Kranzdorf we have failed to put together a successful combination even after receiving a \$5 million allocation of Recap funds from Governor Rendell, at the urging of State Rep. Thaddeus Kirkland, to subsidize the cost of building a supermarket. Adding to the economic woes of the area, there has been much negative crime publicity about the Chester and Highland Gardens area, and other demographic factors have also worked against us. However, we continue to explore other options to provide jobs and amenities for Chester residents, and, to utilize the remaining training funds allocated to this endeavor.

Conclusion:

In closing this report I need to note that Nina Liou has completed her invaluable service as my HOPE VI coordinator, and will be succeeded by Kisha Santiago, a Vice President with RHG. I should also thank the many staffers at HUD headquarters and the Philadelphia field office, who have worked with me, and the Court who make my accomplishment possible, particularly, Deputy

Assistant Secretary Dominique Blom, our Grants Manager, Rosemary Hocking, Lynn Cox and Susan Wilson and other headquarters staff. Lastly, I must acknowledge the support and encouragement received from Judge Norma L. Shapiro, and, the friendship and support from the CHA Executive, Director Steve Fischer, and, its General Counsel Maria Zissimos, as well as, outside counsel Martin Walsh, Esq. of Reno and Cavanaugh.