

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

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MAY 23 2005

MICHAEL W. DUFFING  
CLERK, U.S. DISTRICT COURT

CHICAGO ACORN,  
WYVONIA PICKETT, CALLIE DAVIS,  
FLORIDA WASHINGTON, and  
JOAN BANKS,  
On Behalf of Themselves and All Others  
Similarly Situated,

Plaintiffs,

vs.

THE UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT  
("HUD"), and ALPHONSO JACKSON, In His  
Official Capacity as Secretary of HUD,

Defendants.

No.

05C 3049

JUDGE MANNING

MAGISTRATE JUDGE SCHENKIER

PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION

The Plaintiffs Chicago ACORN and Lawndale Restoration residents, by and through their attorneys at the Sargent Shriver National Center on Poverty Law and the Housing Preservation Project, move this Court to grant a preliminary injunction against the Defendants with respect to all counts of the Complaint:

In support of this motion, the Plaintiffs state:

1. Plaintiffs are residents of the Lawndale Restoration property who will lose their housing and likely be displaced from their historic community should the project-based Section 8 contract be prematurely terminated, and the Chicago ACORN, an organization whose members include residents of the Lawndale Restoration and households in need of affordable housing in Chicago. Compl. ¶¶ 7-13.

2. The Defendants, the United States Department of Housing and Urban Development (HUD) and its Secretary Alphonso Jackson, have enacted a policy nationally to terminate all project-based Section 8 contracts upon foreclosure in violation of federal law and made a decision here to end the contract, irrespective of the federal law violations and the harm it will bring to the Plaintiffs. Compl. ¶¶ 30-40.

3. Federal law requires HUD to maintain the same level of project-based Section 8 assistance at multi-family housing properties after foreclosure as existed prior to foreclosure. It prohibits HUD from replacing the project-based assistance with tenant-based assistance unless: (1) a private developer acquires the property; and (2) HUD determines that an adequate supply of habitable, affordable housing for very low-income families exists. Moreover, under federal law, HUD may never replace more than 10% of the aggregate number of units in subsidized and formerly subsidized projects disposed of by HUD in the fiscal year. Compl. ¶¶ 44-47.

4. Federal law also grants local authorities the right of first refusal to purchase properties on which HUD forecloses. Similarly, it requires HUD to transfer substandard properties to local authorities on foreclosure without altering any legally binding obligation entered into prior to the foreclosure. Compl. ¶¶ 46, 48-49.

5. Finally, federal law limits the manner in which HUD may exercise its authority. First, it requires HUD to enact policies that preserve and maintain affordable and habitable housing. More specifically, HUD has a duty to ensure that whoever acquires property receiving project-based Section 8 assistance through foreclosure is capable of implementing a sound financial and physical management program that enables him or her to ensure that the project is in safe, decent and sanitary condition. Second, it prohibits HUD from enacting discriminatory policies. Policies that disparately impact African-Americans, women and families are

discriminatory. Third, it requires HUD to enact policies that affirmatively further fair housing. Compl. ¶¶ 50-58.

6. In violation of these federal laws, HUD enacted a national policy terminating *all* project-based Section 8 assistance on foreclosure and plans to terminate Lawndale Restoration's project-based assistance. Compl. ¶¶ 30-37.

7. Additionally, HUD conditioned the City's receipt of funds necessary to make Lawndale habitable on the City's relinquishment of its federal right to purchase Lawndale with all of HUD's existing obligations intact. *Id.*

8. Finally, HUD created its national policy and decided to terminate Lawndale's assistance without considering its duties under federal law, the affects the policy and termination will have on affordable housing in Chicago and the disparate impact the policy and termination will have on African-Americans, women and families. *Id.*

9. As more explained in the memorandum of law, the Plaintiffs satisfy the criteria for preliminary injunctive relief: they have a reasonable likelihood of succeeding on the merits of their claims, they have no adequate remedy at law, they will suffer irreparable injury if injunctive relief is not afforded, the threatened injury to them outweighs the threatened injury to HUD, and the public interest will be served by the relief the Plaintiffs request.

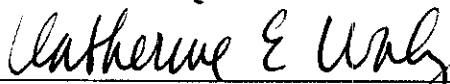
10. The individual Plaintiffs have very low incomes, See Exhibit A; and the Chicago ACORN is a not-for-profit community organization consisting of a majority of members whose incomes are low-income. See Exhibit B. Accordingly, the Court should not require the Plaintiffs to post security for injunctive relief under Fed. R. Civ. P. 65(c).

WHEREFORE, Plaintiffs respectfully request that this Court:

A. Enter a preliminary enjoining Defendants from:

- (1) Implementing a foreclosure plan or otherwise selling the Lawndale Restoration properties until Defendants comply with their obligations under the MHPDRA, 12 U.S.C. § 1715z-11a(b), the National Housing Act, Title VIII of the Civil Rights Act of 1968, and Executive Orders 11603 and 12892;
  - (2) Issuing Housing Choice Vouchers to or relocating the residents of Lawndale Restoration until Defendants comply with their obligations under the MHPDRA, the National Housing Act, Title VIII of the Civil Rights Act of 1968, and Executive Orders 11603 and 12892; and
  - (3) Failing to provide after the foreclosure the same number of subsidized units at the Lawndale Restoration as there was before the foreclosure.
- B. Enter an order stating that Plaintiffs shall not be required to post bond as security for the issuance of a temporary restraining order and permanent injunction; and
- C. Schedule a pre-hearing conference to set a discovery schedule and hearing date for the preliminary injunction
- D. Grant Plaintiffs such further relief as this Court deems just and proper.

Dated: May 23, 2005

  
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One of the Attorneys for Plaintiffs

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