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**IN THE UNITED STATES DISTRICT
FOR THE NORTHERN DISTRICT OF ILLINOIS-
EASTERN DIVISION**

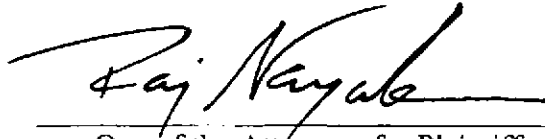
CHICAGO ACORN, et. al,)	
Plaintiffs,)	
)	
v.)	No. 05 C 3049
)	
THE UNITED STATES DEPARTMENT)	The Honorable Judge Blanche Manning
OF HOUSING AND URBAN)	
DEVELOPMENT ("HUD"), et. al,)	
Defendants.)	

PLAINTIFFS' MOTION FOR LEAVE TO CITE SUPPLEMENTAL AUTHORITIES

Plaintiffs by their counsel move for leave to file the attached **Citation of Supplemental Authorities** in support of Plaintiffs' Opposition to Defendants' Motion to Dismiss, filed on July 28, 2005. Plaintiffs submit that pertinent and significant authorities supporting their opposition memorandum were released subsequent to their initial filing.

Respectfully submitted,

Dated: August 26, 2005



One of the Attorneys for Plaintiffs

Gary S. Caplan
James A. Rolfes
Max A. Stein
Casey L. Westover
SACHNOFF & WEAVER, LTD.
10 S. Wacker Drive
Chicago, IL 60606-7507
Tel: (312) 207-1000

John "Jack" Cann
HOUSING PRESERVATION
PROJECT
570 Asbury Street, Suite 105
St. Paul, MN 55104
Tel: (651) 642-0102

John M. Bouman
Katherine E. Walz
Rajesh D. Nayak
SARGENT SHRIVER NATIONAL
CENTER ON POVERTY LAW
50 East Washington, Suite 500
Chicago, IL 60602
Tel: (312) 263-3830

Attorneys for Plaintiffs

LINDA HOLLOMAN 'S'N
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Plaintiffs,)
v.) No. 05 C 3049
THE UNITED STATES DEPARTMENT) The Honorable Judge Blanche Manning
OF HOUSING AND URBAN)
DEVELOPMENT ("HUD"), et. al,)
Defendants.)

PLAINTIFFS' CITATION OF SUPPLEMENTAL AUTHORITY

Plaintiffs respectfully inform this Court of new authority promulgated after they filed their Memorandum in Opposition to Defendants' Motion to Dismiss on July 28, 2005. On August 5, 2005, Defendants published a proposed rule in the *Federal Register* that would revise HUD's regulations governing the disposition of multifamily projects. See Disposition of Multifamily Housing Projects by HUD; Purchaser's Compliance With State and Local Housing Laws and Requirements, 70 Fed. Reg. 45,492 (Aug. 4, 2005) (to be codified at 24 C.F.R. §§ 200.213(e), 213.217(a)(15), 290.16) (proposed).

This proposed rule applies to disposition of property secured by a HUD-held mortgage which is being foreclosed. *Id.* at 45492 ("Summary"). In the proposed rule, HUD implements congressional directives by amending the regulations for multi-family disposition at 24 CFR Part 290, which regulations "supplement the requirements" of the Disposition Reform Act, 12 U.S.C. §1701z-11. *Id.* at 45492 ("Background"). HUD describes the goals of multifamily housing disposition as: "to dispose of properties in a way that preserves the availability of affordable housing, strengthens neighborhoods and communities, supports fair housing strategies, and protects the financial interests of the federal government." *Id.* HUD cites the Fiscal Year 2004 appropriations act as the authority that "mandated several changes to the requirements applicable

to purchasers of HUD-owned multifamily housing projects.” Id. (citing Consolidated Appropriations Act, 2004, Pub. L. 108-199, at Div. G, Tit. II, Sec. 219). Substantively, this rule would require that when HUD disposes of a multifamily property, any non-governmental potential purchaser must certify that “all other properties owned by the potential purchaser . . . in the same city or town . . . are in substantial compliance with any applicable state or local government housing statutes, regulations, ordinances, and codes.” 70 Fed. Reg. at 45495.

This authority supports Plaintiffs’ argument that Congress did not intend the Flexible Authority provision, 12 U.S.C. § 1715z-11a, to implicitly repeal or supercede HUD’s disposition requirements under the Disposition Reform Act. See Plaintiffs’ Opposition to Defendants’ Motion to Dismiss at 9-10. If the Disposition Reform Act no longer applied, Congress would not direct HUD to promulgate rules amending what HUD still calls the Act’s “requirements.” Further, this authority supports Plaintiffs’ argument that the Flexible Authority provision should be read to give meaning to other housing statutes by respecting budget constraints while still preserving fair and affordable housing. See id. at 11-12.

Respectfully submitted,

Dated: August 26, 2005



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Gary S. Caplan
James A. Rolfes
Max A. Stein
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SACHNOFF & WEAVER, LTD.
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Tel: (312) 207-1000

John “Jack” Carr
HOUSING PRESERVATION
PROJECT
570 Asbury Street, Suite 105
St. Paul, MN 55104
Tel: (651) 642-0102

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Katherine E. Walz
Rajesh D. Nayak
SARGENT SHRIVER NATIONAL
CENTER ON POVERTY LAW
50 East Washington, Suite 500
Chicago, IL 60602
Tel: (312) 263-3830

Attorneys for Plaintiffs

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)	Blanche Manning
)	
THE UNITED STATES DEPARTMENT OF)	
HOUSING AND URBAN DEVELOPMENT)	
("HUD"), et. al)	
)	
Defendants.)	

NOTICE OF MOTION

To:

By U.S. Mail:

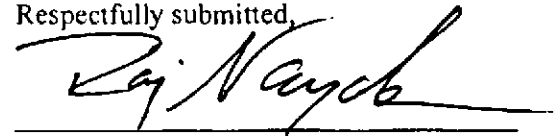
By Messenger:

Clare Harrigan
Office of the General Counsel
United States Department of Housing and
Urban Development
451 7th Street, SW
Washington, DC 20410

LaShonda A. Hunt
Assistant United States Attorney
219 South Dearborn, 5th Floor
Chicago, IL 60604

PLEASE TAKE NOTICE that on Thursday, September 1, 2005 at 11:00 am, or as soon thereafter as counsel may be heard, we shall appear before the Honorable Blanche M. Manning, or any judge sitting in her stead, in Room 2125 of the U.S. District Court, 219 S. Dearborn St., Chicago, Illinois and present Plaintiffs Motion for Leave to Cite Supplemental Authorities and Plaintiffs Citation of Supplemental Authorities, copies of which are attached hereto and are hereby served upon you.

Respectfully submitted,



One of the Attorneys for Plaintiffs

Gary S. Caplan
James A. Rolfes
Max A. Stein
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SACHNOFF & WEAVER, LTD.
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Attorneys for Plaintiffs

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CERTIFICATE OF SERVICE

I, Rajesh D. Nayak, an attorney, hereby certify that on August 26, 2005, I caused a true and correct copy of the foregoing Plaintiffs Motion for Leave to Cite Supplemental Authorities and Plaintiffs Citation of Supplemental Authorities, to be served by U.S. Mail or by Messenger upon:

By U.S. Mail:

Clare Harrigan
Office of the General Counsel
United States Department of Housing and
Urban Development
451 7th Street, SW
Washington, DC 20410

By Messenger:

LaShonda A. Hunt
Assistant United States Attorney
219 South Dearborn, 5th Floor
Chicago, IL 60604



Rajesh D. Nayak, #6280704