

**Recovery Agreement between the Housing Authority of Cook County**  
**And**  
**the United States Department of Housing and Urban Development**

This Recovery Agreement (“Agreement”) is entered into between the Housing Authority of Cook County and the United States Department of Housing and Urban Development (“HUD”) as of this 16th day of January 2024 (the “Effective Date”).

**RECITALS**

**WHEREAS**, under the United States Housing Act of 1937 (“Act”), as amended, 42 U.S.C. § 1437 *et seq.*, HUD is responsible for administering low-income housing programs, and pursuant to the Act, HUD has entered into an Annual Contributions Contract (“ACC”) with to develop and operate public housing projects of the Housing Authority of Cook County and

**WHEREAS**, pursuant to the Act, HUD must evaluate public housing performance and has instituted the Public Housing Assessment System (“PHAS”); and

**WHEREAS**, the Housing Authority of Cook County received a failing PHAS score of 42 for the fiscal year ending 3/31/2022 (the “2022 PHAS Assessment”); and

**WHEREAS**, based on its 2022 PHAS Assessment, the Housing Authority of Cook County has been designated “Troubled” pursuant to section 6(j)(2) of the Act, 42 U.S.C. § 1437d, and 24 C.F.R. part 902, for financial, physical and/or management indicators, or other such deficiencies as HUD has identified; and

**WHEREAS**, the 2022 PHAS Assessment reflects that the low occupancy rate of 66% at AMP IL25000005 SUNRISE APTS warrants significant improvement

**WHEREAS**, the 2022 PHAS Assessment reflects a Management Assessment Subsystem (MASS) Score of 9 of 25 points

**WHEREAS**, the 2022 PHAS Assessment reflects a failing Financial Assessment Subsystem (FASS) Score of 0 of 25 points

**WHEREAS**, the Act requires HUD and each Troubled Public Housing Agency (“PHA”) to enter into a recovery agreement that establishes: performance targets; strategies for meeting targets; and incentives or sanctions for effective implementation of such strategies intended to improve the Troubled PHA’s performance such that the agency is no longer designated Troubled; and

**WHEREAS**, the parties desire to correct all HUD-identified deficiencies through the implementation of this Agreement.

**NOW THEREFORE**, in consideration for the obligations contained herein, HUD and the Housing Authority of Cook County agree as follows:

**General**

1. The Housing Authority of Cook County agrees to strictly comply with all terms of this Agreement, including all performance requirements, outcomes, and deadlines in paragraphs 5 through 7 below (“Performance Requirements”).
2. HUD, in its discretion, may provide technical assistance to the Housing Authority of Cook County, including training or contract support, in order to facilitate accomplishment of the Performance Requirements. However, the Housing Authority of Cook County’s compliance with this Agreement shall not be contingent on HUD’s provision of any technical assistance or other discretionary assistance.
3. The Housing Authority of Cook County must submit Progress Reports to HUD commencing 30 days after execution of the Agreement, and every 30 days thereafter until this Agreement is terminated. Each Progress Report, including any supporting documentation, must describe the status of the Housing Authority of Cook County’s activities such that HUD can adequately monitor the Housing Authority of Cook County’s progress toward the Performance Requirements.
4. Notwithstanding any Performance Requirements, consistent with section 6(j)(3)(B)(ii) of the Act and 24 C.F.R. 902.75(d), and subject to the waivers and alternate requirements under PIH Notice 2021-14 (HA) 11(a) and 12(d), the Housing Authority of Cook County agrees to:
  - a. improve its performance by at least 50% of the difference between the initial PHAS assessment score that led to the Troubled designation and the score necessary to remove the PHA’s Troubled designation by the first released PHAS assessment for fiscal years ending on or after March 31, 2025; and
  - b. improve its performance and achieve an overall PHAS score of at least 60% of the total points available by the next sequential fiscal year PHAS assessment.

Consistent with paragraph 8 below, failure by the Housing Authority of Cook County to comply with the PHAS assessment improvement requirement in this paragraph 4 shall be a basis for HUD to find the Housing Authority of Cook County in substantial default under section 6(j)(3)(A) of the Act.

### **Performance Requirements**

5. **Improve Financial Performance.** The Housing Authority of Cook County agrees to:
  - a. Submit the audited Financial Data Schedule via Real Estate Assessment Center (REAC) for the fiscal year ending 2022 within 30 days of following the execution date of this Agreement; and
  - b. Submit the audited Financial Data Schedule via REAC for the fiscal year ending 2023 within three months of the following the execution date of this Agreement; and

- c. If any submission listed above (5a and/or 5b) is rejected by the REAC, the HACC will resubmit the audited Financial Data Schedule via REAC within 14 days of the rejected date; and
  - d. For the first released PHAS assessment for fiscal year ending on or after March 31, 2025, the Housing Authority of Cook County shall increase the Financial sub-indicator (“FASS”) on the PHAS assessment to at least 15 out of 25 possible points, or 60%.
6. **Reposition Public Housing.** The Housing Authority of Cook County agrees to continue to reposition, i.e., remove from its public housing inventory, the Bergen -Sunrise Apartments. HUD acknowledges the recent demolition and removal (6/30/23) of 65 units (37 at John Mackler Homes and 28 at Sunrise Apartments). The Housing Authority of Cook County has submitted a RAD application to convert 107 units at the Sunrise Apartments public housing development, which received an amended Commitment for Housing Assistance Payments (CHAP) 12/12/2023. The HACC agrees to the following:
- a. to submit the financing plan for the Sunrise RAD project to the RAD Resource Desk by the due date of August 8, 2024; and
  - b. to complete a financial closing and removal of the 107 RAD converting units by March 1, 2025.

#### Term

7. This Agreement begins on the Effective Date and will continue until the later of: (A) the Housing Authority of Cook County fulfilling all Performance Requirements; or (B) the Housing Authority of Cook County improving its performance pursuant to paragraph 4 of this Agreement.

#### Default and Remedies

8. Failure of the Housing Authority of Cook County to strictly comply with the terms of this Agreement, including failure to meet any discrete Performance Requirements, shall constitute a default under this Agreement and shall be a basis for a determination of substantial default by HUD under section 6(j)(3)(A) of the Act.
9. In making a determination of substantial default, HUD will do so in compliance with the procedures in 24 C.F.R. 907.5. The notice of substantial default pursuant to 24 C.F.R. 907.5(a) shall constitute the notice of default under this Agreement.
10. If the Housing Authority of Cook County is determined to be in substantial default after breaching this Agreement, HUD may seek any available remedy, including any one or several of the following actions consistent with the Act and its implementing regulations:
- a. Solicit competitive proposals from other PHAs and private housing management agents to manage all or part of the Housing Authority of Cook County’s public housing program and project(s);

- b. Petition for the appointment of a judicial receiver for the Housing Authority of Cook County;
  - c. Solicit competitive proposals from other PHAs and private entities with experience in construction management to oversee implementation of the Housing Authority of Cook County's public housing Capital Fund;
  - d. Take possession of all or part of the Housing Authority of Cook County, including all or part of its public housing program and project(s);
  - e. Require the Housing Authority of Cook County to make any other arrangements acceptable to HUD, in its full discretion, for managing all or part of the public housing program and project(s).
11. Notwithstanding anything in this Agreement, HUD retains its full discretion to exercise any rights available under applicable law, including those in section 6(j) of the Act, to make a determination of substantial default or take any available remedial action against the Housing Authority of Cook County, regardless of the Housing Authority of Cook County's compliance with the terms of this Agreement.
  12. HUD's exercise or non-exercise of any available rights or remedies under this Agreement or any applicable law will not be construed as a waiver of HUD's right to exercise that or any right or remedy at any time.
  13. This Agreement does not in any way contemplate money damages for breach of this Agreement by HUD.

**Modifications, Amendments, and Changed Circumstances**

14. This Agreement contains the complete and final expression of the recovery agreement between the parties and supersedes any other oral or written proposals, negotiations, conversations, discussions, or agreements between the parties related to the recovery agreement.
15. This Agreement does not supersede, modify, or amend the ACC between HUD and the Housing Authority of Cook County, or in any way excuse the Housing Authority of Cook County from complying fully with its obligations under the ACC. Nothing contained in this Agreement shall serve to limit, modify, or preclude HUD's right to take any remedial action under the ACC.
16. This Agreement may only be modified or amended by a written instrument signed by all of the parties expressly stating that such instrument is intended to modify or amend this Agreement. Any modification or amendment shall be limited to the provisions of this Agreement specifically referred to therein and shall not be deemed a modification or amendment of any other provision.

17. Modification or amendment of this Agreement shall not constitute a waiver of the applicable statutory or regulatory requirements.
18. Should any provision of this Agreement be determined to be invalid or unenforceable by any statute, regulation, or judicial ruling, such determination shall not affect any other provision of this Agreement to the extent that the Agreement shall remain operable, enforceable and in full force and effect to the extent permitted by law. Accordingly, each obligation imposed by this agreement should be construed as severable from the others to the extent it is practicable.
19. The parties shall not be responsible for any failure to implement the terms of this Agreement due to unforeseen and unavoidable circumstances outside of their control, provided that the failure to perform is excused by HUD in writing.
20. To the extent authorized by the Act and HUD regulations, and notwithstanding any other provision of this Agreement, HUD has the total discretion to unilaterally amend this Agreement to address changed factual circumstances affecting the PHA's implementation of this Agreement and, more generally, its programs.

#### **Conflicts**

21. In the event of any conflict between the provisions of this Agreement and public housing requirements, including but not limited to the Act, applicable regulations, and the ACC, as those requirements may be amended from time to time, the public housing requirements shall prevail. HUD reserves the right to determine and resolve any such conflict.

#### **No Third-Party Beneficiaries**

22. This Agreement confers no rights or remedies upon any person or entity other than HUD or the Housing Authority of Cook County.

#### **Miscellaneous**

23. No provision, term, or language contained in this Agreement shall be construed by any Court against HUD for having drafted the agreement. Further, this Agreement shall be read consistently with all applicable federal statutes, regulations, the ACC, or interpretive rule. If the agreement may not be read consistently with a statute, regulation, ACC, or interpretive rule, then the statute, regulation, ACC, or interpretive rule shall control. This Agreement places the exclusive authority with HUD to determine and reconcile any conflict.
24. Any citation of law in this Agreement includes the application of any succeeding law, regulation, ACC, or interpretive rule such as a PIH notice.
25. The parties agree that any cost related to their compliance with this Agreement shall be their individual responsibilities.
26. This Agreement may be executed and delivered in separate counterparts, which, when so executed and delivered, shall be deemed an original.

27. This Agreement may be executed electronically, and electronic signatures must be treated in all respects as having the same force and effect as handwritten or original signatures.
28. HUD and the Housing Authority of Cook County (their employees, subcontractors, partners or assigns) shall comply with all applicable federal, state, and local laws and regulations, as amended from time to time during the term of this Agreement, in the execution of this Agreement.

IN WITNESS WHEREOF, the parties or their duly authorized representatives hereby execute this Agreement on the date first written above.

*Signature Page Follows*