

Broadband USA Applications Database

Applicant Name: Homestead Development

Project Title: 1535 Units of Affordable Housing Internet

Project Type: Last Mile Remote

Executive Summary

Homestead Companies own and operate, through its affiliate Syringa Property Management, forty four (44) low and/or moderate income apartment properties in six (6) intermountain west states. We have continually been an equal opportunity employer and housing provider since we began in 1997. The properties were developed using resources of HUD, USDA Rural Development, or the tax credit agencies of Montana, Wyoming, Idaho, Oregon, Utah, or Arizona. All of the properties are, by definition and regulation, low or moderate income properties. Syringa Property Management only manages affordable housing, and manages 100 properties meeting that definition. Funds that are provided by the tenant rent or applicable government agencies are limited to meet minimum standards of safe, decent, and sanitary housing. Opportunities for cash infusions do not exist for these types of properties. In the past several years, affiliates of the General Partner, Signal Co. and The Cable TV Co. have installed low cost television to some of Homesteads' properties, and have at the same time installed a poor quality but affordable internet service, paid for by the TV usage, with the modem being shared with the project office. The internet service was free to tenants and neighbors who were in signal range. Usually these systems were wireless, and depended on a non-technical part time resident apartment manager to insure operations. The service lacked dependability and security. We have had 3 instances where a tenant violated the DMCA, and our service was shut down by our provider. The systems lack management tools, so we were unable to identify the culprit, and suffered long shutdowns. While we are proud of our efforts, we did not provide a dependable solution. This proposal requests funds to install an internet system to all 44 apartment properties in different 28 cities, in 6 states. The properties are 89% rural, but because the urban properties are larger, 82% of the tenants live in the rural properties. Syringa Property Management makes significant use of the internet for its activities. Therefore good service has been available to the properties. The properties will be rewired so existing office modems will be shared with up to 30 apartments; additional modems will be added for each group of 30 units. Smart switches will be installed limiting a tenant's use to 1000k (1m) service. The switches, modems, power, etc. will be installed in a storage area or out-of- the-way tenant closet in a locked cable box. This will allow accessibility and moderate temperatures. Most of the properties have a community area where tenants gather for conversation, exercise, or waiting to discuss some matter with the manager. This area will also be wired for service, and a computer(s) provided for tenant use. The attached spreadsheet shows the properties, their location, and the improvements proposed for the system. We estimate the installation cost to be \$647,280 or about \$422 per apartment unit. That figure includes contingencies and administration. A 10 year service contribution including provision of modems and community area computers is valued at about \$300,000 or 32% of the total project cost. Although a

tenant will be able to subscribe to their own service through a cable provider, and use our existing coaxial wires to deliver the service, it is doubtful that any will do so. The proposed cost to the tenant for our system is zero, and the reason they live there is because they don't have much money. Therefore our estimate for users is 100% or 1535 families. Much has been made of the digital divide, as described by the Department of Commerce. These properties contain an estimated 3500 school age or pre-school age children whose families cannot afford internet service, leaving them at a great educational and future job potential disadvantage. The Commerce study said that past discrimination based on race limited minority opportunities, and that current lack of digital opportunity will produce the same result for poor families. Syringa Property Management employs a full time IT specialist and programmer. The company has written several web based proprietary software products that are used to manage their 100 properties. They also employ a technical services person to assist site managers operate the proprietary software, and their office computers, check scanners, fax machines, etc. The installation companies, JJR Computers and Cutting Edge each have over 10 years of self employment in the network business. The entire project should be completed in 18 months. As all work is being done on our privately owned property no delays due to landowner or city approvals are expected. Homestead has developed 80 apartment properties using State and/or Federal Funds and is familiar with compliance and the grant administrative requirements.