

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Broadband, Video and Market Branch**

**RESOLUTION T-17718
December 17, 2020**

RESOLUTION

Resolution T-17718: Approval of Affordable Housing Alliance II, Inc., dba Integrity Housing, California Advanced Services Fund, Broadband Public Housing Account grant application in the amount of \$112,100 for the Stony Point Flats and Dutton Flats projects.

SUMMARY

This Resolution the amount of \$112,100 in funding from the California Advanced Services Fund (CASF) Broadband Public Housing Account (BPHA) in response to Affordable Housing Alliance II, Inc., dba Integrity Housing (Integrity Housing) public housing infrastructure grant application. The proposed projects will construct an inside broadband (Wi-Fi) network to connect the planned (not yet built) Stony Point Flats Development and the partially constructed Dutton Flats Development to broadband internet services.

BACKGROUND

On August 11, 2020, the California Public Utilities Commission (Commission) issued Decision (D.) 20-08-005 which modified D.18-06-032 and implemented programmatic changes to the BPHA rules and guidelines.¹ Key provisions of the Decision relevant to this Resolution include:

- The Commission authorized the CD staff to review and approve applications through expedited review that meet all of the expedited review criteria inclusive of a per unit cost of not more than \$600 per unit for projects with 50 units or less. Applications not meeting the expedited review criteria may still be considered

¹ *Decision Revising Rules of the California Advanced Services Fund and Closing Rulemaking 12-10-012 [D.20-08-005] (2020), Appendix 2.*

for a grant, but it must go through the traditional Commission Resolution approval process.²

- BPHA grants can only be awarded to unserved housing developments.³
- An “unserved” housing development is a housing development where at least one housing unit within the housing development is not offered broadband Internet service. All units within a housing development are offered broadband internet service if an ISP⁴ already provides access to all units.⁵

On September 1, 2020, Integrity Housing submitted a BPHA Infrastructure application requesting \$112,100 for two projects (\$56,750 for Stony Point Flats and \$55,350 for Dutton Flats). These projects propose to fund the low-voltage construction and equipment for inside broadband (Wi-Fi) networks to connect the planned (not yet built) Stony Point Flats Development and the partially constructed Dutton Flats Development to broadband internet services.

Both the Stony Point Flats Development and the Dutton Flats Development are low-income housing developments in Santa Rosa, CA. Stony Point Flats is owned by Stony Points Flats, LP which Integrity Housing manages and is the majority owner through IH Stony Point Flats LLC.^{6,7} The housing development will have a total of 50 units. Integrity Housing stated that construction is set to begin in quarter 2 of 2021 and will be ready for residency in quarter 4 of 2022. If approved, installation of the Wi-Fi network would be scheduled for quarter 4 of 2021. Dutton Flats is owned by Dutton Flats, LP which Integrity Housing manages and is the majority owner through IH Dutton Flats LLC. The housing development will have a total of 41 units. The location will be ready for residency in September 2021. If approved, installation of the Wi-Fi network can begin immediately.

²D.20-08-005, Appendix 2, p. 12.

³ *Id.* at p. 1.

⁴ Internet Service Provider

⁵ D.20-08-005, Appendix 2, p. 3.

⁶ According to Integrity Housing, Stony Point Flats LLC is the initial Limited Partner until the partnership closes on the equity. At that time, Stony Point Flats Santa Rosa LLC will withdraw as the Limited Partner and the Equity Investor admitted to the partnership as the Limited Partner. The LLC will remain the managing general partner and will have an ownership interest.

⁷ D.20-08-005, Appendix 2, p. 4 which states “Non-profit housing developers involved in limited partnerships with for profit entities participating may also be eligible, since the IRS considers an exempt organization's participation as a general partner in a limited partnership with for profit limited partners as consistent with the organization's exempt status under Internal Revenue Code Section 501(c)(3).”

Integrity Housing is an incorporated nonprofit organization that is currently exempt under section 501(c)(3) of the Internal Revenue Code. It has received public funding to subsidize the construction of low-income housing and is an eligible applicant under the BPHA.⁸ Integrity Housing was established in 1993 to acquire, develop, and promote affordable senior and multi-family housing. Integrity Housing's expressed purpose is to help ease the burden on state, county, and local housing authorities through the construction, acquisition, and operation of housing for moderate, low, and very low-income individuals and families.⁹

NOTICE

On September 8, 2020, Staff posted the proposed project descriptions on the Commission's BPHA webpage¹⁰ and sent a notice regarding the proposed project to the CASF Distribution List.

PROTESTS/CHALLENGES

No challenges were received.

DISCUSSION

In compliance with D.20-08-005, Staff determined Integrity Housing's Stony Point Flats and Dutton Flats projects are eligible to receive in total \$112,100 in CASF BPHA Infrastructure grant funding.

These projects meet all expedited review criteria except that the cost per unit is above the stated benchmark cost and, therefore, must be approved by Commission Resolution.¹¹

PROJECT	ADDRESS	CITY	ZIP	GRANT REQ	CYCLE	PER UNIT		
						UNITS	SUBSIDY	\$600 x UNITS
Dutton Flats	214 W 3rd Street	Santa Rosa	95401	\$55,350	2020-09	41	\$1,350.00	\$24,600.00
Stony Point Flats	2268 Stony Point Road	Santa Rosa	95407	\$56,750	2020-09	50	\$1,135.00	\$30,000.00

\$112,100

⁸D.20-08-005, Appendix 2, p. 3.

⁹ Integrity Housing's 2018 audit at p. 10.

¹⁰ <https://www.cpuc.ca.gov/General.aspx?id=908>

¹¹ D.20-08-005, Appendix 2, p. 11. For project approval by expedited review, proposed project costs must not exceed \$600 per unit.

Details of Staff analysis are explained in the following sections:

- I. Project Eligibility
- II. Funding Determination
- III. Compliance Requirements
- IV. Payment to CASF Recipients

I. Project Eligibility

As these locations are publicly subsidized multi-family housing developments, they are eligible candidates for BPHA funding.¹²

In its application, Integrity Housing attested that the Stony Point Flats and Dutton Flats Developments are “unserved” housing developments. Staff agrees with this assessment for the following reasons:

- Dutton Flats is currently under construction and Stony Point Flats is scheduled for construction; therefore, no unit is being offered a broadband internet service per D.20-08-005.¹³
- No ISP challenged the projects based on existing service.

II. Funding Determination

Staff considers the proposed funding reasonable given that Integrity Housing will be using current technology and higher caliber equipment.¹⁴ Integrity Housing will deploy a wireless mesh 2.4GHz and 5GHz Wi-Fi 802.11ac with equipment inclusive of Cisco smart switches¹⁵ and Ruckus¹⁶ wireless access points as well as SonicWall¹⁷ (firewall device) that will provide a minimum of 6 Mbps downstream and 1 Mbps upstream with minimal noise/interference from the general environment. The network will be managed through an onsite wireless local area network (Ruckus) controller. Additionally, the program has more extensive documentation and reporting requirements than previously required, which increase project costs and, given that

¹² Pub. Util. Code, § 281(i)(1)

¹³ See fn. 3.

¹⁴ A good number of projects funded by the CASF Public Housing Account and approved at expedited review levels used low-cost equipment typically sourced from Open Mesh, Inc. (<https://www.openmesh.com/datto-networking>). Based on previous research, staff concluded that Ruckus wireless equipment is more costly, but has higher throughput capacity, directional signaling and is of better quality with a longer useful life.

¹⁵ <https://www.cisco.com/c/en/us/solutions/small-business/networking/switches.html>

¹⁶ <https://www.ruckuswireless.com/>.

¹⁷ <https://www.dell.com/en-us/work/shop/sonicwall-store/ab/sonicwall-store-at-dell>

these two projects will be stand-alone projects, there can be no economy of scale as when multiple projects are being completed at the same time.

Historically, per unit costs for comparable projects approved by Commission Resolution averaged at a \$833 per unit with a maximum cost of \$1,798 per unit. Costs for these projects are within range of previously funded projects.

III. Compliance Requirements

Integrity Housing is required to comply with all the guidelines, requirements, and conditions associated with the grant of CASF funds as specified in D.20-08-005. Such compliance includes, but is not limited to the following:

A. California Environmental Quality Act (CEQA)

All CASF grants are subject to CEQA requirements unless the projects are statutorily or categorically exempt pursuant to the CEQA Guidelines.

Given that the activity of the installation of network equipment and inside wiring for the purpose of network installation at the Stony Point Flats and Dutton Flats Developments is to occur during building construction, the activity is covered by the commonsense exemption that CEQA does not apply when there is no possibility that the activity in question may have a significant effect on the environment.¹⁸

B. Execution and Performance

All grantees are required to sign a consent form agreeing to the terms stated in the Resolution. Upon adoption of this Resolution, Integrity Housing will receive a consent form and must return it to the CASF Staff within 30 calendar days from the date of the adoption of this Resolution. Failure to submit the consent form within 30 calendar days from the date of this Resolution's adoption, the Commission will deem the grant or award to be null and void.

Integrity Housing must complete all the project activities under the award requirements on or before 12 months from the date this Resolution is approved. If Integrity Housing is unable to complete the proposed project within the 12-month time frame requirement, Integrity Housing must notify the Director of the Communications Division (CD) as soon as it becomes aware of this possibility. If such notice is not

¹⁸ CEQA Guidelines, § 15061(b)(3)

provided, the Commission may reduce payment from the awarded grant for failure to satisfy this requirement.

Integrity Housing must also operate and maintain the broadband network for five years after it has been successfully installed.

In the event that Integrity Housing fails to complete performance in accordance with the terms of the Commission's approval and as set forth in this Resolution, Integrity Housing must reimburse some or all of the CASF funds it has received.

Material changes in the entries for the application, such as discontinuing operation or bankruptcy, or change of name (DBA), change of address, telephone fax number or email address should be reported by letter to the Commission's CD Director.

C. Project Audit and Reporting Requirements

See Appendix A.

IV. Payments to CASF Recipients

The Commission may reimburse Integrity Housing expense in accordance with, and within the time specified in California Government Code § 927 et seq. See Appendix B.

COMMENTS ON DRAFT RESOLUTION

In compliance with Public Utilities Code, § 311(g), Staff emailed a notice letter on November 13, 2020, informing all parties on the CASF Distribution List of the availability of the draft of this resolution for public comments at the Commission's website at <http://www.cpuc.ca.gov/PUC/documents/>. This letter also informed parties that the final conformed Resolution adopted by the Commission will be posted and available on this same website. CD did not receive any comments on this resolution.

FINDINGS

1. Integrity Housing submitted an application for BPHA funding for its Stony Point Flats and Dutton Flats projects on September 1, 2020.
2. Integrity Housing's application proposes to construct an inside broadband (Wi-Fi) network to connect the planned (not yet built) Stony Point Flats

Development and the partially constructed Dutton Flats Development to broadband internet services.

3. On September 8, 2020, Staff posted project summaries of the Stony Point Flats and Dutton Flats projects. These summaries were posted on the Commission's BPHA webpage.
4. No challenges were received.
5. Based on its review, Staff determined that the projects qualify for funding under D.20-08-005 and recommends Commission approval of CASF funding for Integrity Housing's Stony Point Flats and Dutton Flats projects.
6. A notice was emailed on November 13, 2020, informing all applicants filing for CASF funding and parties on the CASF distribution list of the availability of the draft of this Resolution on the Commission's website at <http://www.cpuc.ca.gov/PUC/documents/>. CD did not receive any comments on this resolution.

THEREFORE, IT IS ORDERED that:

1. The Commission shall award \$112,100 (\$56,750 for the Stony Point Flats project and \$56,350 for the Dutton Flats project) to Affordable Housing Alliance II, Inc., dba Integrity Housing (Integrity Housing) for the projects as described herein.
2. The program fund payment of \$112,100 shall be paid out of the CASF Broadband Public Housing Account in accordance with the guidelines adopted in D.20-08-005, and with the process defined in Appendix B of this Resolution, "Payments to CASF Recipients".
3. Integrity Housing shall comply with all guidelines, requirements and conditions associated with a CASF award, as specified in D.20-08-005, and this Resolution.
4. If Integrity Housing fails to complete the project in accordance with the CASF guidelines and requirements outlined in D.20-08-005, and the terms in this Resolution, Integrity Housing must reimburse some or all of the CASF funds that it has received.

5. Integrity Housing must complete and execute the consent form (to be sent to Integrity Housing after this Resolution is adopted) agreeing to the conditions set forth in this Resolution and return it to the CASF Staff within 30 calendar days from the date of the adoption of this Resolution. Failure to submit the consent form within 30 calendar days from the date of this Resolution's adoption, the Commission will deem the grant or award to be null and void.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 17, 2020. The following Commissioners approved it:

/s/ RACHEL PETERSON

Rachel Peterson
Acting Executive Director

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners

APPENDIX A

Audit and Reporting Requirements

Project Audit

The Commission has the right to conduct and enforce any necessary audit, verification, quality check, and discovery during and after the project implementation to ensure that CASF funds are spent in accordance with Commission approval.

Integrity Housing invoices will be subject to a financial audit by the Commission at any time within three years of completion of the project.

Project Reporting Requirements

Integrity Housing is required to submit a project status report within six months of the project award date if the project has not been completed, irrespective of whether the grantee requests reimbursement or payment. The project status report must include the following:

- Project Plan and deployment schedule showing major milestones with planned and actual completion dates.
- Any variance between planned and actual dates need to support with proper reasoning.
- Project Risk Mitigation plan.¹⁹
- Budget Plan with a cost line item matched with the application.

Grantees must certify that each project status report submitted is true and correct under penalty of perjury.

Integrity Housing must submit a project completion report with all required supporting documentation in order to receive final payment. The project completion report contains, total project cost, project cost summary breakdown, project milestone deployment details, CalSPEED²⁰ test results, bill of materials (BOM), invoices supporting BOM, network and low-voltage engineering and design documentation, installation and commissioning checklist, provisioning and configuration files, as-built

¹⁹ Plan that identifies, evaluates, selects, and implements options in order to balance the BPHA project cost and schedule implications associated with risk response or mitigation plan by setting risk at acceptable levels given program constraints and objectives.

²⁰ CalSPEED is an open source, non-proprietary, network performance measurement tool and methodology created for the Commission, funded originally via a grant from the National Telecommunications and Information Administration

documentation with pictures showing labels and annotations, and project expenses summary. The project completion report template can be found on the BPHA website.

Integrity Housing must certify that each project status and completion report is true and correct under penalty of perjury.

Integrity Housing is required to maintain the broadband network for a period of five years after the network is installed and internet services turned on for residential use. From the date broadband network and internet services are turned on the grantees are required to submit a KPI (Key Performance Indicator) report ²¹ every quarter for a period of five years through the Public Housing Account online reporting portal.

²¹ KPI report includes the following: monthly percentage uptime of network and internet services, monthly bandwidth utilization by residents and monthly number of unique user devices logged-in by the residents to access the broadband network for internet services. To support this information the grantee must submit system data obtained from the network.

APPENDIX B

Payments to CASF Recipients

Payment to Integrity Housing will be made upon project completion and the submission of a project completion report. Integrity Housing may request payment for expenditures incurred during the first six months if Integrity Housing submits a six-month progress report and certifies that the progress report is true and correct under penalty of perjury.

Payment will be based upon receipt and approval of invoices/other supporting documents showing the expenditures incurred for the project in accordance with the CASF funding submitted by Integrity Housing in their application.

Payment to Integrity Housing will be made in accordance with, and within the time specified in California Government Code § 927 et seq. The Commission generally processes payments within 20-25 business days, including Communications Division and Administrative Services review. The State Controller's Office (SCO) requires an additional 14-21 business days to issue payment from the day that requests are received by SCO from the Administrative Services.²²

²² D.20-08-005, Appendix 2, pp. 15-16 for full listing of payment requirements.