

**Introduced by Senator Lowenthal**

March 18, 2010

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Senate Concurrent Resolution No. 90—Relative to affordable in-home Internet service.

LEGISLATIVE COUNSEL'S DIGEST

SCR 90, as introduced, Lowenthal. Affordable housing: in-home Internet service accessibility.

This measure would encourage all state and local affordable housing lenders to ensure that affordable housing funding provides for high-speed in-home Internet service at reduced prices and that in-home Internet service and network maintenance costs be eligible as operating costs and expenses in specified housing developments and programs.

Fiscal committee: yes.

1     WHEREAS, The Internet is rapidly changing the way people  
2 live, learn, and earn in modern society. Access to information and  
3 the networks available on the Internet strengthens communities,  
4 opens new markets for business, offers new workforce development  
5 opportunities, and inspires individuals towards entrepreneurship.  
6 Without access and training, many citizens will be unable to  
7 compete in the increasingly technology-driven, knowledge-based  
8 economy. This is precisely the case in California, where the  
9 disparities in levels of technology adoption between different  
10 socioeconomic groups are enormous. In response to this inequality,  
11 strategies have been developed to foster digital inclusion and ensure  
12 that all people have access to technology regardless of  
13 socioeconomic status; and

1 WHEREAS, The federal government has acknowledged through  
2 its provision of funds in the American Recovery and Reinvestment  
3 Act of 2009 that due to the immense transformative ability of  
4 technology, lack of access has critical social implications; and

5 WHEREAS, According to the Brookings Institution 2007 report,  
6 “The Effects of Broadband Deployment on Output and  
7 Employment: A Cross-sectional Analysis of U.S. Data” for every  
8 one percentage point increase in broadband penetration in a state,  
9 employment is projected to increase by 0.2 to 0.3 percent per year;  
10 and

11 WHEREAS, According to the study, “Does Home Internet Use  
12 Influence the Academic Performance of Low-Income Children?”  
13 published in the peer-reviewed journal, *Developmental Psychology*,  
14 results of the academic performance of children of low-income  
15 families with median annual income of fifteen thousand dollars  
16 (\$15,000), mostly from single-parent households, indicate that  
17 children who used the Internet more had higher GPAs after one  
18 year and higher scores on standardized tests of reading achievement  
19 after six months compared to children who used it less; and

20 WHEREAS, The University of California study “Crossing the  
21 Divide: Immigrant Youth and Digital Disparity in California”  
22 concludes that home computer use and Internet access positively  
23 impacts school enrollment, high school graduation, and grades;  
24 and

25 WHEREAS, Low-income households are significantly less  
26 likely to have a computer, Internet access, or home broadband  
27 service, while almost all adults earning over eighty-thousand  
28 dollars (\$80,000) a year have a computer, Internet access at home,  
29 and a broadband connection; and

30 WHEREAS, While 91 percent of college graduates in California  
31 subscribe to the Internet at home, less than 50 percent of those  
32 without any college education do; and

33 WHEREAS, Overall, 73 percent of Caucasians use the Internet  
34 at least occasionally from any location, compared with 62 percent  
35 of African Americans and 56 percent of Latinos. At the time of  
36 the 2000 Census, 36 percent of Californians are Latinos and 6.7  
37 percent are African American; and

38 WHEREAS, According to the Pew Internet and American Life  
39 Project, 35 percent of dial-up users state that the price of high-speed  
40 Internet or broadband is too expensive for them to adopt the

1 service, and 7 percent of non-Internet users say that high-speed  
2 Internet or broadband service is too expensive; and

3 WHEREAS, Sixty-one percent of college graduates and 64  
4 percent of people with annual household incomes over eighty  
5 thousand dollars (\$80,000) report that the Internet is very important  
6 to them as a source of information in their everyday lives, while  
7 only 41 percent of high school graduates and 43 percent of people  
8 who earn less than forty thousand dollars (\$40,000) say the same;  
9 and

10 WHEREAS, Through its Low Income Housing Tax Credit  
11 program, California has recognized the importance of Internet  
12 service for low-income populations since 2003. The California  
13 Tax Credit Allocation Committee (TCAC), which administers the  
14 credit in California, amended its policy to encourage affordable  
15 housing developers to use low-income housing tax credit funding  
16 to provide broadband as a service amenity in affordable housing  
17 units. The current policy allows for the cost of data network  
18 infrastructure design and installation to be paid for with tax credit  
19 funding, and as a result of this amendment, 16,949 units of  
20 affordable housing throughout the state currently enjoy in-home  
21 Internet service as a basic service amenity; and

22 WHEREAS, Currently the TCAC policy encourages, but does  
23 not require, the inclusion of free broadband in all  
24 publicly-supported housing. Furthermore, it does not provide an  
25 incentive or funding stream for the operation and maintenance of  
26 these networks, placing the financial burden on the housing  
27 developers. The nonprofit One Economy Corporation has assisted  
28 283 affordable housing developments in California design and  
29 install data network infrastructure. The operation and maintenance  
30 of the network is paid for by the developer in 100 percent of these  
31 developments; and

32 WHEREAS, Most affordable housing developments that receive  
33 tax credit funding also borrow money from public agencies,  
34 including, but not limited to, the Department of Housing and  
35 Community Development, local housing departments, and local  
36 redevelopment agencies; and

37 WHEREAS, Most public lenders allow for affordable housing  
38 owners to deduct certain project operating costs before they  
39 determine the debt payment obligations; and

1 WHEREAS, Currently most lenders do not explicitly allow for  
2 Internet service costs and network maintenance costs to be included  
3 as eligible operating costs; and

4 WHEREAS, Allowing costs of Internet service and network  
5 maintenance would not delay the repayment of public loans and  
6 as a result slow the reinvestment of public funds to other  
7 developments; now, therefore, be it

8 *Resolved by the Senate of the State of California, the Assembly*  
9 *thereof concurring,* That the State of California encourages all  
10 state and local affordable housing lenders to ensure that affordable  
11 housing developed with public funds be Smart Housing by aligning  
12 their lending policies to California Tax Credit Allocation  
13 Committee policies. “Smart Housing” for these purposes means  
14 publicly funded affordable housing that has the ability to provide  
15 high-speed Internet service to residents in their homes at reduced  
16 prices; and be it further

17 *Resolved,* That the Department of Housing and Community  
18 Development, in its funding for affordable housing, should  
19 recognize the costs for not only the data network infrastructure  
20 necessary to provide shared affordable Internet service to residents  
21 of affordable housing, but also the Internet service and network  
22 maintenance costs as eligible operating costs of developments;  
23 and be it further

24 *Resolved,* That local public lending agencies are encouraged to  
25 allow for in-home Internet service and data network maintenance  
26 cost as eligible operating expenses in its multifamily lending  
27 programs; and be it further

28 *Resolved,* That the Secretary of the Senate transmit copies of  
29 this resolution to the author for appropriate distribution.