

Senate Concurrent Resolution No. 6

RESOLUTION CHAPTER 72

Senate Concurrent Resolution No. 6—Relative to affordable in-home Internet service.

[Filed with Secretary of State August 23, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

SCR 6, Lowenthal. Affordable housing: in-home Internet service accessibility.

This measure would encourage all state and local affordable housing lenders who administer competitive multifamily housing programs to provide competitive points for developments that will provide high-speed in-home Internet service free of charge for at least 10 years and recognize that in-home Internet service and network maintenance costs be eligible as operating costs and expenses in specified housing developments and programs.

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

WHEREAS, The federal government has acknowledged through its provision of funds in the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) that due to the immense transformative ability of technology, lack of access has critical social implications; and

WHEREAS, Among California homeowners, 73 percent have a home broadband subscription, while only 48 percent of Californians who are renters have a broadband subscription in their home; and

WHEREAS, Only 40 percent of California households earning less than forty thousand dollars (\$40,000) a year have home broadband service, while 89 percent of California households earning over eighty thousand dollars (\$80,000) have a home broadband connection; and

WHEREAS, In California, 75 percent of Caucasian households have a home broadband subscription, compared with 62 percent of African American households and 39 percent of Latino households. At the time of

the 2009 American Community Survey, 37 percent of Californians are Latino and 6.6 percent are African American; and

WHEREAS, While 83 percent of college graduates in California subscribe to broadband service in the home, only 37 percent of those without any college education do; and

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

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

WHEREAS, Nationally, according to a 2010 report produced by John Horrigan, formerly of the Federal Communications Commission, of the 35 percent of Americans who do not have broadband service in the home, 36 percent stated cost as the primary reason, making this barrier the most common reason; and

WHEREAS, In a 2010 study on low-income communities and digital resources, participants explicitly indicated the necessity for broadband access in securing employment, gaining or furthering their education, engaging with online government services, and that inclusion in the growing digital environment was closely tied to socioeconomic inclusion; and

WHEREAS, Through its Low Income Housing Tax Credit program, California has recognized the importance of Internet service for low-income populations since 2003. The California Tax Credit Allocation Committee (TCAC), which administers the credit in California, amended its policy to encourage affordable housing developers to use low-income housing tax credit funding to provide broadband as a service amenity in affordable housing units. The current policy allows for the cost of data network infrastructure design and installation to be paid for with tax credit funding, and as a result of this amendment, over 19,000 units of affordable housing throughout the state currently enjoy in-home Internet service as a basic service amenity; and

WHEREAS, Currently the TCAC policy encourages, but does not require, the inclusion of free broadband service in all publicly supported housing. Furthermore, it does not provide an incentive or funding stream for the operation and maintenance of these networks, placing the financial burden on the housing developers. The nonprofit One Economy Corporation has assisted 283 affordable housing developments in California design and install data network infrastructure. The operation and maintenance of the

network is paid for by the developer in 100 percent of these developments; and

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

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

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

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

Resolved by the Senate of the State of California, the Assembly thereof concurring, That the Legislature encourages all state and local affordable housing lenders who administer competitive multifamily housing programs to follow the California Tax Credit Allocation Committee policy on high-speed Internet access by providing competitive points for developments that will provide high-speed Internet service to each unit for a minimum of 10 years, free of charge to the tenants; and be it further

Resolved, That the Legislature encourages all state and local affordable housing lenders to recognize both the costs for installing high-speed Internet network infrastructure as an eligible development cost and the costs of ongoing Internet service and network maintenance costs as eligible operating costs; and be it further

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