

AMENDED IN SENATE MAY 24, 2010

Senate Concurrent Resolution

No. 90

Introduced by Senator Lowenthal
(Principal coauthor: Assembly Member Jones)

March 18, 2010

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

LEGISLATIVE COUNSEL'S DIGEST

SCR 90, as amended, 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 ensure that affordable housing funding provides for provide competitive points for developments that will provide* high-speed in-home Internet service ~~at reduced prices 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.

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

1 disparities in levels of technology adoption between different
2 socioeconomic groups are enormous. In response to this inequality,
3 strategies have been developed to foster digital inclusion and ensure
4 that all people have access to technology regardless of
5 socioeconomic status; and

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

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

16 WHEREAS, According to the study, “Does Home Internet Use
17 Influence the Academic Performance of Low-Income Children?”
18 published in the peer-reviewed journal, *Developmental Psychology*,
19 results of the academic performance of children of low-income
20 families with median annual income of fifteen thousand dollars
21 (\$15,000), mostly from single-parent households, indicate that
22 children who used the Internet more had higher GPAs after one
23 year and higher scores on standardized tests of reading achievement
24 after six months compared to children who used it less; and

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

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

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

38 WHEREAS, Overall, 73 percent of Caucasians use the Internet
39 at least occasionally from any location, compared with 62 percent
40 of African Americans and 56 percent of Latinos. At the time of

1 the 2000 Census, 36 percent of Californians are Latinos and 6.7
2 percent are African American; and

3 WHEREAS, According to the Pew Internet and American Life
4 Project, 35 percent of dial-up users state that the price of high-speed
5 Internet or broadband is too expensive for them to adopt the
6 service, and 7 percent of non-Internet users say that high-speed
7 Internet or broadband service is too expensive; and

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

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

27 WHEREAS, Currently the TCAC policy encourages, but does
28 not require, the inclusion of free broadband in all
29 publicly-supported housing. Furthermore, it does not provide an
30 incentive or funding stream for the operation and maintenance of
31 these networks, placing the financial burden on the housing
32 developers. The nonprofit One Economy Corporation has assisted
33 283 affordable housing developments in California design and
34 install data network infrastructure. The operation and maintenance
35 of the network is paid for by the developer in 100 percent of these
36 developments; and

37 WHEREAS, Most affordable housing developments that receive
38 tax credit funding also borrow money from public agencies,
39 including, but not limited to, the Department of Housing and

1 Community Development, local housing departments, and local
2 redevelopment agencies; and

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

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

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

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

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

29 *Resolved, That local public lending agencies are encouraged to*
30 *allow for in-home Internet service and data network maintenance*
31 *cost as eligible operating expenses in its multifamily lending*
32 *programs; and be it further state and local affordable housing*
33 *lenders who administer competitive multifamily housing programs*
34 *to follow the California Tax Credit Allocation Committee policy*
35 *on high-speed Internet access by providing competitive points for*
36 *developments that will provide high-speed Internet service to each*
37 *unit for a minimum of 10 years, free of charge to the tenants; and*
38 *be it further*

39 *RESOLVED, That the State of California encourages all state*
40 *and local affordable housing lenders to recognize both the costs*

1 *for installing high-speed Internet network infrastructure as an*
2 *eligible development cost and the costs of ongoing Internet service*
3 *and network maintenance costs as eligible operating costs; and*
4 *be it further*

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

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