

**State of California Resolution**  
**One Economy Corporation and**  
**California Emerging Technology Fund**  
**Affordable Smart Housing Developments**

WHEREAS, the State of California recognized the importance of Digital Literacy and the reduction of the Digital Divide by the establishment of California Emerging Technology Fund (CETF), a non-profit corporation, pursuant to requirements from the California Public Utilities Commission (CPUC) in approving the 2005 SBC-AT&T and Verizon-MCI mergers; and

WHEREAS, CETF was established “for the purpose of achieving ubiquitous access to broadband and advanced services in California, particularly in underserved communities” and has a mission to close the Digital Divide and ensure California is a global leader in the deployment and adoption of broadband technology; and

WHEREAS, publicly-funded affordable housing development projects have a high concentration of very-low-income households, low-income households and/or people with disabilities; and

WHEREAS, the 2008 *Californians & Information Technology* statewide survey conducted by Public Policy Institute of California (PPIC) in collaboration with CETF and ZeroDivide states that only 36% of Californians with a disability and only 33% of Californian households with an annual household income under \$40,000 have a broadband Internet connection within the home while 64% of Californian households with an annual income from \$40,000 to \$79,999 and 85% with an annual income exceeding \$80,000 subscribe to home broadband Internet access, and 81% of Californian adults are concerned that Californians in low-income areas are less likely to have access to broadband Internet technology; and

WHEREAS, low-income households and people with disabilities residing in publicly-funded affordable housing development projects, as compared to Californian households with annual incomes exceeding \$40,000, are 44% to 61% less likely to have a broadband Internet connection within the home; and

WHEREAS, the 2003 *The Ever-Shifting Internet Population* report by Pew Internet and American Life Project concludes that of households not subscribing to broadband Internet access, 33% state that the high cost of computers and Internet access are major factors that inhibit broadband adoption; and

WHEREAS, the 2006 *Does Home Internet Use Influence the Academic Performance of Low-Income Children?* report in *Developmental Psychology*, Vol. 42, No. 3, pages 429-435, shows the academic performance of children who used the Internet more had higher scores on standardized tests of reading achievement and higher grade point averages after 6 months, 1 year and 16 months later than children who used it less; and

WHEREAS, the 2007 *The Effects of Broadband Deployment on Output and Employment: A Cross-sectional Analysis of U.S. Data* report in *Issues in Economic Policy*, No. 6, by the Brookings

Institution indicates that for every one percentage point increase in broadband Internet penetration in a state, employment is projected to increase by 0.2% to 0.3% per year; and

WHEREAS, the 2003 *The Effects of Home Computers on School Enrollment* research paper by University of California concludes that nearly 50% of high school graduates who had the use of computers and Internet access at home attended college, while among students without in-home computer and Internet access, college enrollment fell to 25%; and

WHEREAS, the California Tax Credit Allocation Committee (TCAC) developed tax credit funding policy within the California Low Income Housing Tax Credit Program to encourage affordable housing developers to provide broadband Internet access as a service amenity in affordable housing units since 2003; and

WHEREAS, the State of California housing policy allows for the cost of affordable housing data network infrastructure design and installation to be paid for with tax credit funding; and

WHEREAS, the American Recovery and Reinvestment Act of 2009 has allocated \$7.2 billion for broadband adoption and deployment grants, loans and loan guarantees; and

WHEREAS, as a result of TCAC policy a total of 16,949 affordable housing units have gained broadband Internet access as a service amenity; and

WHEREAS, the ongoing Internet service and maintenance costs for the data network infrastructure supporting the 16,949 affordable housing units are being paid by the housing development as part of the operating cost of the building; and

WHEREAS, most publicly-funded affordable housing development projects that receive tax credit funding also borrow money from public agencies such as the California Department of Housing and Community Development, local housing departments or local redevelopment agencies; and

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

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

WHEREAS, allowing Internet service and network maintenance costs as development operating costs would not delay the repayment of public loans nor slow the reinvestment of public funds into other low-income housing development projects; therefore be it

RESOLVED, that Affordable Smart Housing is a powerful strategy that reaches disadvantaged Californians by providing broadband connectivity in all publicly-funded affordable housing development projects; and be it further

RESOLVED, that all publicly-funded affordable housing development projects be Affordable Smart Housing; and be it further

RESOLVED, that Affordable Smart Housing is defined as a publicly-funded housing development project that possesses an independent Advanced Communications Network to drive economies of scale that can result in a significantly-reduced cost basis for residents; and be it further

RESOLVED, that Advanced Communications Network is defined as a broadband infrastructure that, at a minimum, makes available affordable market-comparable high-speed Internet access service to all units via the aggregation and consolidation of service across the property; and be it further

RESOLVED, that if multiple services are offered via an Advanced Communications Network, residents will need both bundled and “a la carte” options; and be it further

RESOLVED, that the Advanced Communications Network in an Affordable Smart Housing development project is in addition to the standard cables and infrastructure required for power, television and telephone service; and be it further

RESOLVED, that additional services that may be supported by the Advanced Communications Network include: traditional telephone; next generation telephone; video conference; television; next generation television; mobile data communication across the property; and home security monitoring; and be it further

RESOLVED, that State of California agencies and departments modify their respective policies and ordinances to align with the resolution within 90 calendar days of it being passed; and be it further

RESOLVED, that State of California agencies and departments bi-annually report back, by January 31<sup>st</sup> of the off numbered years with the beginning of each Legislative Session, to California Administration and Legislature on plans involving, or revolving around, the resolution and social impacts as a result of the resolution from the previous two years; and be it further

RESOLVED, that State of California agencies and departments implementing housing policies and programs, including but not limited to: Business, Transportation and Housing Agency in cooperation with the Housing and Community Development Department and California Housing Financing Agency; Governor’s Office of Planning and Research; and State of California Treasurer’s Office in cooperation with California Tax Credit Allocation Committee, track and report on Affordable Smart Housing inventory by city, county, developer, services offered via the Advanced Communications Network, and resident service costs; and be it further

RESOLVED, that the State of California annually report on bond funding components specific to Advanced Communications Network Affordable Smart Housing; and be it further

RESOLVED, that the State of California annually report on progress toward full conversion of all existing non-Smart Housing deployments, with 5 or more units, to Affordable Smart Housing by September 2015.