Bill No:	AB 1425	**Hearing Date:**	7/12/2021
Author:	Gipson		
Version:	7/1/2021 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Sarah Smith		

SUBJECT: California Advanced Services Fund: Broadband Public Housing Account

DIGEST: This bill re-establishes the Broadband Public Housing Account within the California Advanced Services Fund (CASF) to fund broadband connectivity for publicly-subsidized housing communities. This bill requires the California Public Utilities Commission (CPUC) to annually allocate $25 million from the CASF to the new Broadband Public Housing Account.

ANALYSIS:

Existing law:

1) Establishes the CASF, which is administered by the CPUC to fund broadband infrastructure deployment in unserved areas through December 31, 2022. (Public Utilities Code §281).

2) Establishes the Broadband Public Housing Account within the CASF to fund broadband infrastructure to public housing communities and adoption programs to increase access to and use of broadband services. (Public Utilities Code §281(i))

3) Defines a publicly supported community as a publicly subsidized multifamily housing development that is wholly owned by either of the following:

   a) A public housing agency chartered by the state or by any local government in the state that is designated as a public housing agency by the United States Department of Housing and Urban Development (HUD).
   b) A nonprofit organization that has received public funding to finance the construction or maintenance of housing occupied by residents whose income meets federal low or very low income guidelines. (Public Utilities Code §281(i)(1))

4) Specifies that a public housing community in "unserved" when at least one housing unit within the housing development is not offered broadband service. (Public Utilities Code §281(i)(3))

5) Limits the amount of funding the Public Housing Account may grant for infrastructure projects to $20 million and limits the amount of funding the account may grant for adoption to $5 million. (Public Utilities Code §281(i)(3-4))

6) Establishes eligibility limitations for infrastructure and adoption funding from the Public Housing Account, including restricting infrastructure grants to unserved public housing communities that can verify to the CPUC that the community has not denied a broadband provider access to a facility for which the community is seeking a grant. Existing law restricts adoption grants to public housing communities that have broadband infrastructure. (Public Utilities Code §281(i)(3-4))

7) Specifies that any Public Housing Account funds that have not been awarded by December 31, 2020, must be returned to the Broadband Infrastructure Grant Account within the CASF. (Public Utilities Code §281(i)(7))

This bill:

1) Deletes existing law governing the Broadband Public Housing Account and re-establishes the Broadband Public Housing Account to fund connectivity to publicly supported communities and other communities in which low-income individuals reside.

2) Defines a publicly supported community as a publicly-subsidized multi-family housing development that is wholly owned by either a local public housing agency or a tax-exempt nonprofit organization that has received funding to finance the construction or maintenance of housing for residents whose annual income meets federal poverty guidelines for low or very low income households.

3) Defines a low-income community as a community, including, but not limited to, a publicly supported community, and other housing developments or mobilehome parks with low-income residents, as determined by the CPUC.

4) Establishes a goal for the Broadband Public Housing Account to provide connectivity to all residents in publicly subsidized multiunit housing by 2025, or as soon as practicable thereafter, by awarding grants to eligible applicants.

5) Requires the CPUC to annually transfer $25 million from the CASF to the Broadband Public Housing Account, starting on January 1, 2022.

6) Specifies that the CPUC may only cease transferring the minimum annual funding for the Broadband Public Housing Account if the CASF surcharge sunsets or all of the following occur:

   a) The CPUC makes a formal finding that Broadband Public Housing Account has achieved its goal of providing connectivity to all residents in publicly subsidized housing in the state.
   b) The CPUC submits the formal finding to the Legislature.
   c) Upon the submission of the finding, the Legislature holds a public hearing on the findings.

7) Requires the CPUC to establish criteria for awarding grants to low-income communities, which may include, but are not limited to, public housing communities, and this bill requires the CPUC to award grants to low-income communities that meet the CPUC's rules.

8) Specifies that grants to low-income communities from the Broadband Public Housing Account must be available to fund projects that provide low-income residents with free broadband service that meets or exceeds state and federal standards. Low-income communities that have free broadband service meeting these standards are ineligible for grants from the Broadband Public Housing Account.

Background

The CASF's Public Housing Account. Existing law establishes the CASF, which is funded by surcharges on telephone services to fund projects that improve access to broadband. The CASF includes several different accounts aimed at addressing specific barriers to broadband access. The Public Housing Account is an account within CASF aimed at funding projects that expand broadband access at publicly supported communities, which include publicly-subsidized housing communities. Existing law reverted any funds remaining in the Public Housing Account as of December 31, 2020, to the CASF's main Broadband Infrastructure Grant Account ahead of the CASF's sunset on December 31, 2022. Additionally, the CPUC has run out of adoption funds in the Public Housing Account and ceased accepting applications for adoption funds in October 2018. As a result, the Public Housing Account has no additional funding for infrastructure or adoption projects.

Bill eliminates distinction between broadband infrastructure and adoption funding. Existing law regarding the Public Housing Account caps the total amount of funding for the Public Housing Account at $25 million and specifies the portion of those funds that must be spent on infrastructure and the portion that must be spent on adoption programs. Under existing law, $5 million of the funds in the Public Housing Account are allocated to broadband adoption programs, including digital literacy education. Existing law reserves the majority of the Public Housing Account (approximately $20 million) for infrastructure projects that provide the facilities for broadband service at public housing communities. This bill deletes the existing Public Housing Account and re-establishes the Public Housing Account to fund "connectivity" for low-income and publicly-subsidized communities. This bill includes findings and declarations specifying that this bill is intended to achieve connectivity through the installation of broadband infrastructure at affordable rates in residences and access to appropriate computing devices and digital literacy resources. However, this bill does not define "connectivity." As a result, this bill eliminates the distinction between infrastructure and adoption funds included in the Public Housing Account. Without a distinction, it is possible that the majority of the Public Housing Account funds could be largely used for adoption programs.

Bill significantly expands communities' eligibility for Public Housing Account funds. Existing law restricts Public Housing Account eligibility to unserved publicly-supported communities and specifies that if one unit within the community lacks access to broadband, the community is considered unserved. This bill expands the communities eligible for funding from the Public Housing Account to include low-income communities, which this bill defines as a community in which low-income Californians reside. A number of local governments have taken steps to include new affordable housing units in mixed-income developments. As a result, many Californians receiving housing assistance live in residential developments that are not included in the definition of a publicly-supported community. By expanding the types of communities that qualify for Public Housing Account grants, this bill would enable low-income residents to access adoption and infrastructure funds. However, by expanding the Public Housing Account's eligibility to a multitude of new communities, this bill could limit the proportion of Public Housing Account funds dedicated solely to addressing the connectivity needs of individuals in public housing communities.

Bill limits grants to those communities that do not have free broadband service. While this bill specifically requires the CPUC to make Public Housing Account funds available for projects that connect a low-income community to free broadband, this bill also prohibits a community that has access to a broadband provider offering free service from obtaining Public Housing Account grants. Data

from the CPUC indicates that a number of public housing communities in California are receiving free broadband service through locally-funded initiatives. This bill would prohibit those communities that are already receiving free service from obtaining grants from the Public Housing Account.

Bill's annual appropriation may lack funding resources. This bill requires the CPUC to transfer $25 million annually into the Public Housing Account, starting on January 1, 2022. However, it is not clear that sufficient funds will exist to support these transfers. Under existing law, monies collected by the CPUC for the CASF and its subaccounts are subject to Legislative appropriation through the budget process. It is not clear that sufficient funds will exist outside of the annual Budget Act to provide a transfer of $25 million on January 1, 2022. Additionally, the CASF and the Public Housing Account are scheduled to sunset on December 31, 2022. To the extent that this bill could be interpreted as requiring a transfer of funding to the Public Housing Account after the CASF sunsets, the CPUC may lack sufficient funding to comply with the required transfers.

Need for amendments. As currently drafted, this bill requires the CPUC to annually transfer $25 million from CASF to the Broadband Public Housing Account; however, it is not clear that CASF will have sufficient funding to make this transfer. *Consequently, the author and the committee may wish to amend this bill to make the minimum annual transfer of $25 million conditional upon the CPUC determining that sufficient funding exists.* The absence of a definition for "connectivity" also makes the degree to which the Public Housing Account will fund adoption or infrastructure projects unclear. *To ensure that funding levels for adoption and infrastructure are clear, the author and the committee may wish to require the CPUC to annually specify the amount of funding in the Public Housing Account that will be available for adoption and the amount of funding that will be available for infrastructure.*

This bill also specifies that Public Housing Account funds must be available for projects that connect low-income communities to broadband networks that offer free service. While this language implies that this requirement applies specifically to infrastructure projects, the language does not explicitly clarify that the Public Housing Account must make these funds available for infrastructure projects. *As a result, the author and the committee may wish to amend this bill to clarify that this requirement applies to infrastructure projects for low-income communities.*

Prior/Related Legislation

SB 4 (Gonzalez, 2021) extends the CASF and make various changes to the program, including increasing the minimum speed of CASF-funded infrastructure

to 100/20 mbps, expanding the definition of an unserved area, updating the program's funding mechanism, and eliminating the right of first refusal. The bill is currently pending in the Assembly.

AB 14 (Aguiar-Curry, 2021) extends and modifies the California Advanced CASF, including, but not limited to, increasing the program's minimum speed standard, expanding the areas eligible for funding, and increasing the amount of funding for the CASF. The bill is currently pending in the Senate.

SB 743 (Bradford, 2021) requires the CPUC to establish a grant account to fund adoption programs at publicly-supported communities. Implementation of the bill is contingent upon a Legislative appropriation to fund the grant program. The bill is currently pending in the Assembly.

SB 745 (Hueso, Chapter 710, Statutes of 2016) extended from December 31, 2016, to December 31, 2020, the date that remaining funds from the Public Housing Account are transferred back to other accounts, and it limited eligibility to unserved public housing developments. The bill made additional changes, including modifying information required in the CPUC's annual CASF report to the Legislature.

AB 1299 (Bradford, Chapter 507, Statutes of 2013) established the Public Housing Account in the CASF to provide grants for broadband deployment and adoption in certain low-income publicly subsidized multifamily housing communities.

FISCAL EFFECT: Appropriation: No   Fiscal Com.:   Yes   Local: No

SUPPORT:

California Emerging Technology Fund, Co-Sponsor
National Community Renaissance, Co-Sponsor
Boys & Girls Clubs of Metro Los Angeles
California Housing Consortium
California State PTA
City of Los Angeles
County of Los Angeles Board of Supervisors
Eden Housing
Hawkey Consulting
Housing Authority of the City of Los Angeles
Linc Housing
Media Alliance

National Association of Social Workers, California Chapter
Southern California College Access Network

OPPOSITION:

California Cable and Telecommunications Association, unless amended

ARGUMENTS IN SUPPORT: According to the author:

> AB 1425 seeks to ensure that all low-income residents in publicly-subsidized housing have access to and can use high-speed internet / broadband services sufficient to support distance learning, telehealth, and public safety to assist them in getting out of poverty. The digital divine disproportionally affects African Americans and Latinos, and even more so for African Americans and Latinos living in public housing. The majority of California residents in publicly-subsidized multi-unit housing complexes (owned by government housing authorities and non-profit housing organizations) are digitally-disadvantaged without 3 essential conditions to achieve Digital Equity: (1) Internet connectivity in their housing unit; (2) a computing device to meet their need; and (3) digital literacy proficiency to use the technology to save them time and money. Approximately 40% of all residential units in publicly-subsidized housing complexes are not connected today to the Internet although broadband infrastructure may exist in near proximity. And, most residents, especially students, lack a device appropriate for distance learning and telehealth. Neither the complex owners nor the residents can afford the costs of installing high-speed Internet infrastructure or the available reduced-cost service offers.

ARGUMENTS IN OPPOSITION: The California Cable and Telecommunications Association (CCTA) is opposed to this bill unless it is amended to specify the extent to which the Public Housing Account will fund adoption and infrastructure and limit the eligibility of funds to those publicly-supported communities that lack service. CCTA also proposes that this bill should be amended to focus Public Housing Account funds on specific communities that experience unique service challenges, including public housing communities, mobile home parks, and farmworker housing. In opposition, CCTA states:

> AB 1425 does not establish program criteria or clear direction to address either access or adoption. Instead, it would provide the CPUC with unfettered discretion to use CASF customer surcharge funds "to finance projects to connect a broadband network that offers free broadband service" – with no requirement to consider whether an existing network already

offers service at speeds of at least 25 Mbps downstream and 3 Mbps upstream. Moreover, the bill eliminates the existing CASF program for funding infrastructure to connect "unserved" public housing communities.

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