
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**
Senator Ben Hueso, Chair
2021 - 2022 Regular

Bill No: AB 2702 **Hearing Date:** 6/15/2022
Author: Gipson
Version: 5/2/2022 Amended
Urgency: No **Fiscal:** Yes
Consultant: Sarah Smith

SUBJECT: California Advanced Services Fund: Broadband Public Housing Account

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to prioritize publicly supported housing developments when awarding funds from the Broadband Public Housing Account within the California Advanced Services Fund (CASF). This bill clarifies the eligibility of farmworker housing for Public Housing Account grants, and it sets a goal of ensuring that all residents of public housing developments have internet service by December 31, 2025.

ANALYSIS:

Existing law:

- 1) Establishes the CASF, which is administered by the CPUC to fund broadband infrastructure deployment in unserved areas through December 31, 2032. (Public Utilities Code §281(a-b)).
- 2) Defines an unserved area eligible for CASF grants as any community lacking broadband at speeds of 25/3 Mbps downstream and upstream and requires CASF-funded infrastructure to provide broadband service at speeds of at least 100/20 Mbps downstream and upstream. (Public Utilities Code §281(b))
- 3) Establishes various accounts within the CASF for broadband infrastructure and adoption efforts, including the Broadband Public Housing Account, which funds grants and loans for eligible low-income communities to finance broadband projects that offer free broadband service to low-income residents. (Public Utilities Code §281(c))
- 4) Specifies that a “low-income community” includes, but is not limited to, publicly supported housing development, and other housing developments or mobilehome parks with low-income residents, as determined by the CPUC. Monies in the Broadband Public Housing Account should be distributed in a

manner that reflects the statewide distribution of low-income communities, to the extent feasible. (Public Utilities Code §281(i))

This bill:

- 1) Requires the CPUC to prioritize publicly supported housing developments when awarding funds from the Broadband Public Housing Account.
- 2) Clarifies that farmworker housing is included in the definition of a low-income community eligible for funding from the Broadband Public Housing Account.
- 3) Establishes a goal for the Broadband Public Housing Account to provide all residents of public housing developments with internet connectivity by December 31, 2025.

Background

The Broadband Public Housing Account supports projects in a variety of communities. Existing law establishes the CASF to fund broadband infrastructure and adoption projects. The CASF contains several subaccounts that provide funding for specific broadband needs. The Broadband Public Housing Account is one of these subaccounts, and it is intended to improve broadband access for publicly-supported and low-income communities. In 2021, the Legislature passed SB 4 (Gonzalez, Chapter 671, Statutes of 2021) and AB 14 (Aguiar-Curry, Chapter 658, Statutes of 2021) to revise and extend the CASF. The Legislature also passed SB 156 (Committee on Budget, Chapter 112, Statutes of 2021), which enacted changes necessary to allocate federal broadband infrastructure stimulus funds contained in the 2021-22 State Budget. Collectively, this package of broadband legislation extended and provided substantial new funding for broadband projects in California. In addition to providing new funding, the bills expanded communities' eligibility for funding and eliminated prior restrictions on funding for subaccounts within the CASF. As a result, the bills enabled the CPUC to allocate additional funds to the Broadband Public Housing Account and more flexibly identify low-income communities that should be eligible for grants, including low-income communities that are not located in government-owned or subsidized housing.

The flexibility provided to the CPUC to target funds to a broader range of low-income communities reflected the degree to which many low-income Californians may be income-eligible for public housing assistance but are unable to obtain or qualify for a unit at a publicly-supported housing development. Data from the Center on Budget and Policy Priorities indicates that three of the nation's top ten

metropolitan areas with the longest wait times for public housing assistance are in California (San Diego, San Francisco, and Anaheim).

Bill requires the CPUC to prioritize funding opportunities to publicly-supported housing developments. On May 19, 2022, the CPUC adopted changes for the CASF subaccounts in Decision 22-05-029. This decision enacted changes to the Broadband Public Housing Account contained in SB 156, SB 4, and AB 14, including updating the definition of a low-income community eligible for funds from the Broadband Public Housing Account. As part its decision, the CPUC affirmed publicly-supported housing communities' eligibility for funding from the Broadband Public Housing Account; however, the CPUC declined to limit funding from to just those communities that are owned or subsidized by government agencies. The CPUC also clarified that farmworker housing is also included in the definition of communities eligible for funds from the Broadband Public Housing Account.

This bill requires the CPUC to prioritize Broadband Public Housing Account funding opportunities that benefit publicly supported housing developments. However, this bill does not restrict funding to publicly supported housing developments. Based on the CPUC's implementation of its decision updating the rules for the Broadband Public Housing Account, the CPUC may already prioritize funding opportunities for publicly-supported housing developments. Publicly supported housing developments and farmworker housing are eligible to apply for grants during the initial round of applications accepted for the Broadband Public Housing Account, which will start on July 1, 2022.

Achievement of this bill's goals may largely depend on affordability and adoption efforts. This bill also establishes a goal for the Broadband Public Housing Account to provide internet connectivity to all residents of publicly supported housing developments on or before December 31, 2025. This goal differs from the CASFS's overall goal of providing access to at least 98 percent of California households in each broadband consortia region by 2032. The 36-month timeline for this goal may not be feasible given the range of factors that influence broadband access and adoption. A number of barriers may influence the extent to which each resident can obtain broadband access within 36-months of this bill's implementation. Affordability and adoption barriers may limit the degree to which individual consumers can purchase devices and service plans and maintain broadband services. To the extent that infrastructure is a barrier for these households, goods movement delays, permitting processes, and construction times may limit the degree to which service can be delivered within 36 months.

Prior/Related Legislation

SB 4 (Gonzalez, Chapter 671, Statutes of 2021) and AB 14 (Aguilar-Curry, Chapter 658, Statutes of 2021) extended and revised the CASF, 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 modifying the subaccounts within the CASF.

SB 156 (Committee on Budget, Chapter 112, Statutes of 2021) implemented broadband infrastructure spending approved in the 2021 Budget Act. The bill established the Office of Broadband and Digital Literacy and required the office to oversee the construction of a state-owned, open-access middle mile broadband network. The bill also established a federal funding account within the CASF to fund last-mile broadband grants and made other conforming changes to the CASF.

SB 743 (Bradford, 2021) would have required the CPUC to establish a new grant program to fund broadband adoption programs at certain publicly-supported communities. The bill made the creation of the grant program contingent upon receipt of a legislative appropriation. The bill was held in the Assembly Appropriations Committee.

AB 1425 (Gipson, 2021) would have re-established the Broadband Public Housing Account within the CASF to fund broadband connectivity for publicly-subsidized housing communities. The bill would have required the CPUC to annually allocate \$25 million from the CASF to the new Broadband Public Housing Account. The bill was held in the Senate Appropriations Committee.

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: Yes

SUPPORT:

California Emerging Technology Fund, Sponsor
Eden Housing
Los Angeles Unified School District

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

Internet connectivity has become essential for everyday life and leaving any Californians disconnected creates a weaker state community. Many of these housing complexes that are targeted in this bill lack the necessary infrastructure to support high quality internet. These funds will help decrease the digital gap that has hindered the growth of many people in our state. Supporting these populations is one of the best ways to promote a united California that grants connectivity to all demographics.

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