
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Steven Bradford, Chair
2023 - 2024 Regular**

Bill No:	SB 1383	Hearing Date:	4/2/2024
Author:	Bradford		
Version:	3/18/2024 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Sarah Smith		

SUBJECT: California Advanced Services Fund: Broadband Public Housing Account

DIGEST: This bill expands eligibility for the California Advanced Services Fund (CASF) Broadband Public Housing Account, authorizes the use of Public Housing Account funds for device that improve existing broadband service, and enables Public Housing Account recipients offering new broadband plans to low-income communities to provide a free or low-cost broadband plan to those communities as a condition of obtaining the grant.

ANALYSIS:

Existing law:

- 1) Establishes the CASF for the purposes of providing funding for broadband infrastructure to unserved households. Existing law specifies that an “unserved household” is a home lacking broadband internet at speeds of at least 25 megabits per second (Mbps) downstream and 3 Mbps upstream. Existing law also specifies that all CASF-funded infrastructure must provide broadband internet at speeds of at least 100/20 Mbps. (Public Utilities Code §281)
- 2) Establishes various accounts within the CASF to fund specific broadband deployment and adoption efforts. Existing law establishes the Public Housing Account for the purposes of financing projects that help connect low-income communities to free broadband service that meets or exceeds state standards, as determined by the California Public Utilities Commission (CPUC). Existing law specifies that a low-income community may be eligible for a Public Housing Account grant if that community does not have access to any broadband service provider offering free service that meets or exceeds state standards. (Public Utilities Code §281(i))

This bill:

- 1) Expands eligibility for the Public Housing Account by allowing organizations beyond low-income landlords and public housing agencies apply for funds to make improvements to low-income communities that improve broadband access.
- 2) Removes restrictions that prohibit applicants from obtaining Public Housing Account funds unless they provide free broadband services to residents and instead requires applicants to either offer free service or a low-cost service that meets the following requirements:
 - a) A monthly cost, including all charges, fees, and taxes that does not exceed \$30. This bill specifies that the CPUC may adjust this monthly cost based on annual inflation changes to the Produce Price Index.
 - b) Consistent and reliable download and upload speeds of at least 100/20 Mbps.
 - c) Typical latency of no more than 100 milliseconds.
 - d) No data caps, surcharges, or usage-based throttling. A plan may require subscribers to comply with acceptable use policies applied to all other customers.
 - e) A modem or router is provided to the subscriber at no cost.
 - f) Allowance for the customer to apply a subsidy from the federal Affordable Connectivity Program (ACP) or a successor broadband subsidy program to the cost of service.
- 3) Expressly authorizes the CPUC to award Public Housing Account funds for the deployment of network devices that improve existing broadband services, such as range extenders. This bill specifies that an applicant does not need to provide a free or low-cost internet plan in order to obtain funding solely for the purpose of deploying these devices.

Background

A brief history of the Public Housing Account. The Public Housing Account was established pursuant to SB 1299 (Bradford, Chapter 507, Statutes of 2013) for the purpose of funding upgrades to the wiring of public housing facilities to support broadband access. A number of public an affordable housing consists of older housing stock that does not have sufficient wiring to support high-speed broadband. Additionally, many public housing facilities are made of materials,

including concrete and cinderblock that limit the usefulness of wireless solutions. While a number of funding sources exist to finance the deployment of broadband infrastructure to the curb of a property, the Public Housing Account is distinct from those funds because it finances facility upgrades on the customer-side of the meter in low-income communities. While public housing agencies can partner with an Internet Service Provider to make facility upgrades to connect a community to a nearby broadband network, public housing agencies can also hire other contractors to conduct residential networking upgrades.

When “free” broadband comes at a cost. Historically, the Public Housing Account has been underutilized. Recent changes expanded eligibility for the Public Housing Account by allowing other low-income communities to apply for funds, and changes expanded the definition of what constitutes an “unserved” area eligible for funds. However, even after these changes, the Public Housing Account remains substantially underutilized. Multiple low-income housing providers have indicated that existing law’s requirement that applicants guarantee access to free internet service as a condition of obtaining Public Housing Account Funds is a major deterrent to applying for these monies.

Existing law restricts eligibility for the Public Housing Account to only landlords and agencies that own and administer low-income and public housing. Additionally, those landlords and public housing authorities that apply for funding from the Public Housing Account must agree to provide free broadband service to low-income and public housing residents. In many cases, landlords and public housing authorities cannot find a provider willing to offer broadband meeting 100/20 Mbps service to all its residents for free. While a small number of landlords and housing agencies may have sufficient budgets to pay for monthly plans without charging residents, most owners and operators of low-income and public housing facilities do not have such funding. This bill would allow applicants to offer a low-cost plan that meets certain standards in order to obtain Public Housing Account funds for providing access to new broadband services. This bill also specifies that a low-cost plan offered pursuant to this bill must allow the consumer to apply the ACP or a successor subsidy to cover costs associated with the low-cost plan. While the Federal Communications Commission is in the process of wrapping up the ACP, it is possible that a successor program may be developed in the future. To the extent that one emerges, this bill would require low-cost plans to accept a successor subsidy.

Fiber, fiber everywhere, but not for everyone. With most public housing and low-income communities unable to pay for or secure offers of free, interconnected high-speed broadband, many public housing and low-income communities have turned to various wireless solutions to provide broadband to residents. In many

cases, these wireless solutions do not entail making upgrades to residential units that would enable these units to obtain fixed, interconnected broadband service. Additionally, the speed and reliability of these wireless offerings vary. Virtually all the recent grants provided by the Public Housing Account have been for wireless service. While these projects indicate that the hardware installed is "...100 Mbps download/20 Mbps upload speed ready," the applications for these projects also state, "...these installations will be able to provide a minimum download speed of 25 Mbps and minimum upload speed of 3 Mbps during peak use hours." While existing law requires all CASF-funded broadband infrastructure to provide service at speeds of at least 100/20 Mbps, information in recently approved Public Housing Account applications implies that funds directed to low-income and public housing communities may not be providing service that reliably meets state and federal broadband service standards. This bill would clarify that future grants for broadband service provided through Public Housing Account grants must provide speeds of at least 100/20 Mbps. This bill would also remove restrictions that limit the ability of communities that are already offered free broadband to apply for Public Housing Account funds that would enable them to make the upgrades needed to get service that provides 100/20 Mbps speeds.

Can you hear me now? In addition to establishing a framework for allowing applicants to offer a free or low-cost plan as a condition of using Public Housing Account funds to finance new broadband services, this bill also expands the eligibility for the Public Housing Account to organizations beyond landlords and housing agencies and expressly allows the use of Public Housing Account funds to deploy range extenders and other devices that improve existing broadband service in low-income households. While the CPUC has already approved funding for mesh network systems, and other wireless solutions, existing law is silent on whether these are eligible uses of the funds, and law is silent on whether an existing broadband customer in a public housing facility is eligible for such networking devices. Additionally, existing law limits the degree to which housing agencies and landlords can partner with community-based organizations or tenant groups to help distribute devices that can improve existing service in low-income and public housing residences. Many homes in these communities suffer from wifi range issues in which interference and physical barriers limit the ability to receive a wifi signal in certain rooms of the home. As existing broadband customers with service exceeding state standards, it is unclear if they are eligible for Public Housing Account funds to address these "dead zones." This bill would clarify that public housing and low-income communities can obtain funding to distribute range extenders to residents' homes, regardless of whether they already have a broadband provider.

Need for amendments. As currently written, this bill’s definition of a “low-cost” plan establishes a specific dollar threshold that could be interpreted as ratemaking in statute. Additionally the \$30 threshold established by this bill may not meet all communities’ needs for low-cost broadband plans. This bill also clarifies that a low-cost plan must offer speeds of at least 100/20 Mbps, consistent with CASF speed standards, but the application of existing CASF speed standards to Public Housing Account awards appears unclear in recent awards from the account. *As a result, the author and committee may wish to amend this bill to do the following:*

- *Delete the specific dollar amount for a low-cost plan and instead authorize the CPUC to determine the appropriate cost for a low-cost internet plan offered as a requirement to obtain Public Housing Account funds for providing new broadband services.*
- *Clarify that the CPUC does not have the authority to set lower speed requirements for internet services provided using Public Housing Account funds.*

Prior/Related Legislation

AB 2239 (Bonta, 2024) would establish a definition of “digital discrimination of access” and would require the CPUC and California Department of Technology (CDT) to integrate a prohibition on digital discrimination of access into program rules for all of its broadband funding programs, including the Public Housing Account. The bill is currently pending in the Assembly.

AB 127 (Committee on Budget, Chapter 45, Statutes of 2023) among other things, changes needed to implement the 2023 Budget Act, the bill required the CPUC to prioritize Public Housing Account applications from public housing facilities that have not yet received a grant from the Public Housing Account.

SB 4 (Gonzalez, Chapter 671, Statutes of 2021) and AB 14 (Aguiar-Curry, Chapter 658, Statutes of 2021) revised and extended the CASF by increasing speed standards for CASF-funded infrastructure to 100/20 Mbps, expanded eligibility to communities that lack broadband service meeting federal standards, expanded local governments’ eligibility for CASF grants, and extended CASF’s operation and funding until 2032.

SB 156 (Committee on Budget, Chapter 112, Statutes of 2021) implemented broadband infrastructure spending approved in the 2021 Budget Act. The bill established the Federal Funding Account within the CASF to fund broadband infrastructure projects using one-time funds. The bill made a number of changes to the CASF, including requiring the offer of free broadband service as a condition of receiving funds from the Public Housing Account. The bill also required the CDT

to oversee the construction of a state-owned, open access middle mile broadband network.

SB 743 (Bradford, 2021) would have required the CPUC to establish a grant account to fund adoption programs at public housing communities. The bill was held in the Assembly 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 Broadband and Video Association, if amended
LeadingAge California

OPPOSITION:

Electronic Frontier Foundation, unless amended

ARGUMENTS IN SUPPORT: According to the Author:

The Broadband Public Housing Account (BPHA) provides grants and loans to build broadband networks offering free broadband service for residents of low-income communities including but not limited to, publicly supported housing developments, and other housing developments or mobile home parks with low-income residents. The BPHA will finance up to 100 percent of the costs to install inside wiring and broadband network equipment.

The allocated funding for the Broadband Public Housing Account is \$15 million for fiscal year 2023-2024. In 2023, \$1.47 million of funding was authorized for 19 broadband infrastructure programs—totaling less than 10% of available funds.

Current law allows only low-income and public housing communities to apply for funds in the account, and all grant recipients are required to offer free broadband services. Additionally, current law does not clearly allow the use of BPHA funds for deploying range extenders and other devices that can address dead zones frequently experienced by residents in low-income communities. These requirements have severely limited the number of applicants, resulted in the return of some awarded grants, and restricted opportunities to address low-income and public housing communities' barriers to better connectivity.

To solve these issues, SB 1383 widens the eligible applicant pool, enables the BPHA to award grants to deploy devices that can improve existing broadband services and clarifies that new internet subscription plans can be provided for free or at low-cost to the community.

ARGUMENTS IN OPPOSITION: The Electronic Frontier Foundation (EFF) opposes this bill unless it is amended to restore the requirement that Public Housing Account grantees provide free internet service as a condition of obtaining funds. EFF states:

While EFF applauds your effort to create a floor for speed and latency in plans to low-income residents, and the provision of routers and modems at no cost, we strongly recommend maintaining free broadband services to low income communities. Even thirty dollars per month for broadband may be too burdensome for many families and individuals.

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