



OFFICE OF PUBLIC & INDIAN HOUSING

Use of Public Housing Funding to Support Internet Connectivity for Residents January 19, 2021

Internet Connectivity in Public Housing

In the 21st century, broadband internet is vitally important for education, employment, health, and connection to others. During the COVID-19 pandemic, its critical role in helping Americans conduct transactions of daily life has become even more apparent. It has allowed Americans to continue working and learning and to connect to essential community services while remaining in the safety of their homes. Yet many low-income Americans, especially those served by HUD’s public housing program, have less access to broadband internet, devices, and the training to use them. Based on recent research, only 56 percent of adults earning less than \$30,000 per year have access to broadband internet at home versus 94 percent for upper-income families. When considering devices – such as computers, phones, or tablets, only 18 percent of low-income adults have a device that can access the internet.¹

Without access to broadband and devices at home, children and families will miss out on the high-value educational, economic, and social impact that high-speed internet provides. Adults will have additional barriers to employment, miss out on job-related training, and the social supports and communication that internet access can facilitate. Many Public Housing Authorities (PHAs) have found creative ways to help bridge the “digital divide” by partnering with internet Service Providers (ISPs) and by participating in HUD’s ConnectHomeUSA and Neighborhood Networks programs. However, not all residents are benefiting from these programs.

This document provides a comprehensive summary of how public housing funds can be used to support access to broadband internet and devices. It also provides an interpretation on the eligible uses of Operating Funds and Capital Funds for broadband-related activities.

Operating Funds

Annually, PHAs are provided subsidy to operate and fund public housing. The amount varies based on Congressional appropriations and the established funding formula. Per Section 9(e) of the 1937 Housing Act as amended, Operating Funds provide for the below activities (among others):

- Procedures and systems to maintain and ensure the efficient management and operation of public housing units;
- Providing adequate security for public housing residents;
- Activities to provide for management and participation in the management and policymaking of public housing by public housing residents; and
- Costs of operating computer centers in public housing through a Neighborhood Networks initiative.

Based on Section 9(e), **PHAs may use Operating Funds to provide computer internet services to residents of public housing both in their units and in common areas.** HUD has allowed PHAs to use Operating Funds to cover costs of computer internet service for computer labs, common areas, and PHA operation and management purposes. In addition to the benefits for residents outlined above, access to the computer internet in the buildings and in individual units also enables public housing residents to better communicate with PHA management and their resident councils. It helps PHAs share operational updates faster, support efforts to monitor visitors, and communicate with law enforcement.²

Capital Funds

The Capital Fund (CF) program provides grant funds to PHAs annually via a formula. PHAs may use Capital Fund grants for development, modernization, and management improvements. For computer internet connectivity, PHAs have used Capital Funds to update buildings to support broadband internet and Wi-Fi. They have also used funds to purchase and install equipment, and for capital expenditures to facilitate programs to improve the empowerment and economic self-sufficiency of public housing residents, tenant accommodations, and training to operate equipment.

Examples of Operating and Capital Fund Uses for Internet Connectivity

In general and under normal circumstances, public housing funds may be used as follows:

1. Neighborhood Networks Computer Centers or Shared/Common Spaces:

Per Section 9 (d) Capital Fund (of the 1937 Housing Act as amended) – subparagraph (1)(E), the Capital Fund (CF) may be used **for the establishment and initial operation** of a Neighborhood Networks computer center (or shared/common computer center) for such things as:

- Computers and computer equipment;
- Equipment upgrades;
- Space renovations;
- Computer internet connection and utilities;
- Staff salary;
- Digital literacy training costs and other related training; and
- Insurance.

Per Section 9 (e) Operating Fund (of the 1937 Housing Act as amended) subparagraph (1)(K), Operating Funds may be used **for the ongoing costs of operating** computer centers in public housing including the following:

- Ongoing internet connection fees and utilities;

- Computers and computer equipment;
- Staff salary;
- Insurance;
- Other activities related to operating the computer center (e.g., training programs); and
- Network maintenance and security expenses.

2. For individual units:

The Capital Fund may be used for:

- Installation of, or upgrades to broadband infrastructure and hardware equipment such as modems, switches or Wi-Fi extenders³;
- Equipment that would allow for the establishment of Wi-Fi (or mesh) networks/or upgrades to such equipment;
- Wiring of individual units;
- Installation of special directional antennae to extend wireless internet connectivity from the housing authority's management offices to public housing properties, enabling public housing households within reach of the wireless signal to obtain free connectivity;
- Installation of satellite/cellular receivers to connect properties to wireless broadband; and
- Routers, hotspots, and modems for individual units (but not internet connectivity, this would be an Operating Fund expense, see below). Hotspots must be integral to the operation of public housing and public housing buildings and limited to the use by the public housing residents and PHA management. Hotspots cannot be public hotspots.

The Operating Fund may be used for the following, but not any entertainment services:

- Internet computer service for residential units and common areas;
- Ongoing maintenance of PHA-purchased broadband equipment and wiring;
- Ongoing maintenance of PHA-purchased Wi-Fi/mesh network equipment;
- Ongoing maintenance of PHA-purchased satellite/cellular receivers;
- Related staff expenses; and
- Ongoing maintenance of PHA-purchased in-unit routers, hotspots, and modems (as limited above).

3. Resident Council Funds:

Resident Councils can also use the funding they receive under 24 CFR 990.190(e) and 24 CFR 964 for the same internet connectivity expenses mentioned above under the Capital Fund and Operating Fund eligible uses.

Coronavirus Aid, Relief, and Economic Security (CARES) Act Funds

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 provided additional funding and flexibilities as described in PIH Notice 2020-07 and relevant FAQs. These flexibilities permitted CARES Act funds to be used to cover in-unit internet service and shared devices to prevent, prepare for, and respond to coronavirus, including:

- 1) activities to support or maintain the health and safety of assisted individuals and families; and
- 2) support education and childcare for impacted families.

There are many examples of PHAs using CARES Act funds to support internet connectivity. PHAs purchased devices for students to learn, such as laptops or tablets. Some PHAs opted to fund internet service for units with school-aged children. Others installed Wi-Fi routers or provided mobile hotspots for loan, and some allowed residents to borrow devices for telehealth purposes. The CARES Act allowed the use of funds to support all residents, including seniors, to prevent, prepare for, and respond to COVID-19. To assist with that, some PHAs purchased and loaned out devices to enable social distancing. The CARES Act purchases helped students connect to distance learning, supported the health and safety of residents, and enabled families to maintain social distancing. The CARES Act also allows flexibility between Operating and Capital Funds and made the CARES Act Operating Funds available to PHAs until December 31, 2021.

¹ <https://www.pewresearch.org/fact-tank/2019/05/07/digital-divide-persists-even-as-lower-income-americans-make-gains-in-tech-adoption/>

² Use of Operating Funds for internet service will not alter future Operating Fund formula eligibility calculations for subsidy allocation.

³ HUD defines broadband infrastructure as cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure—including wireless infrastructure—as long as the installation results in broadband infrastructure in each dwelling unit meeting the Federal Communications Commission's (FCC's) definition of broadband in effect at the time the pre-construction estimates are generated. See 81 FR 92626, “Narrowing the Digital Divide Through Installation of Broadband Infrastructure in HUD-Funded New Construction and Substantial Rehabilitation of Multifamily Rental Housing” published December 20, 2016.