

What Biden's Broadband Infrastructure Plan Could Mean For Multifamily

Is this finally the silver bullet broadband solution that multifamily has been looking for?

By Kevin Donnelly / *NMHC* and Valerie M. Sargent / *Broadband Communities*

Over the past year, the U.S. federal government provided unprecedented support of broadband deployment and access. Between billions of dollars in COVID-19 relief to help speed broadband deployment and adoption to the recent rollout of President Biden's infrastructure initiative (the American Jobs Plan), which includes \$100 billion for broadband buildout and access, Washington is doubling down on connectivity like never before.

Although the Biden plan has a long way to go before becoming law, and parts of it still need work, we are excited about the broadband proposal and have reason to be hopeful that new federal investments will help close the digital divide once and for all. For multifamily residents in particular, connectivity has never been more important or needed.

The challenge for the Biden administration is figuring out how to retool the way the federal government delivers money to communities and incentivizes a new level of cooperation, which will be required to transform how broadband is deployed and ultimately accessed. A lot of collaboration between the public and private sectors will be needed to find the right balance of protecting private sector innovation while advancing the public good of improving broadband access and affordability.

THE HAVES AND THE HAVE NOTS

Too often folks think of the digital divide as being simply a division between people who have broadband service and those who don't. In the multifamily context, that doesn't really hold true. It's really about three things: access, affordability and infrastructure.

Plenty of locations across the country have access to broadband, but the level of service is frankly not sufficient. Access is unavailable or lacking in affordable properties, smaller properties and senior housing communities – essentially in places where making the economics work is tough for service providers. Housing providers that operate on extremely thin margins simply don't have the operating budgets to turn around and upgrade their infrastructure. As a result, thousands of properties across the U.S. have outdated and aging infrastructure that wouldn't support even DSL service at this point.

It has been a no-win situation for residents, multifamily owners and broadband operators, which is what makes the Biden infrastructure plan and its bold investments a unique opportunity. As the plan takes shape, everyone in the broadband industry must push for federal resources to build out service to places it doesn't exist today and to improve and modernize broadband networks in multifamily communities across the nation, especially those that include low-income and workforce housing.

HOW BIG IS THE CHALLENGE?

To truly improve the reliability and quality of broadband service in low-income and workforce rental properties, significant investments and upgrades are needed. The economics of financing those updates continue to prevent meaningful improvements to the communications networks at these properties and exacerbate a different side of the digital divide.

Housing owners and operators of affordable units are often small firms or individual owners operating with little to no

profit margin and must provide essential services, such as property maintenance and security. When broadband providers do exist in low-income communities, they often do not invest capital on necessary maintenance or upgrades of existing infrastructure because the ROI on such investments is not economically viable, and money often is needed just to stay operable at base levels.

The result of these financial hurdles is subpar and dated infrastructure (such as aging copper wire installed decades ago) remaining in place that's unable to meet current and future needs. To understand the gravity of the infrastructure challenge at hand, one needs to look no further than at a snapshot of the nation's rental housing stock: More than 75 percent of rental housing is in buildings with fewer than 20 units, and the majority of those are in very small properties. Broadly speaking, naturally occurring affordable housing, properties that accept Section 8 Housing Choice Vouchers or participate in other affordable housing programs, is generally going to be a part of this housing stock.

The nation's rental housing stock is aging rapidly. In fact, the Joint Center for Housing Studies estimates that more than half of all rental units were built before 1980 and nearly a fifth before 1950. Rehabilitation of these and other rental properties, including the modernization of their communications backbone, is key to affordability and preventing displacement in communities across the country.

COST BARRIERS

Significant financial resources to improve or modernize existing broadband infrastructure are needed in low-income and workforce housing communities, and it's easy to understand that many low-income and workforce housing providers do not have those resources. If broadband providers cannot contribute to upgrading and modernizing a building's network, housing providers are often left with few options, and their residents are left without access to reliable, high-speed internet service.

The reality is that the financial strain of COVID-19 on operating budgets on

top of competing demands for property operation and maintenance funds means the cost of any new broadband infrastructure is not feasible in most circumstances. Given the financial pressure on these properties, any significant investment in broadband (or any large capital expenditure for that matter) ultimately will force an increase in rents at a time of serious affordability challenges across the country.

IS THE BIDEN PLAN THE SILVER BULLET?

Only time will tell how the Biden infrastructure plan will fare in Congress and whether it can garner enough support to be signed into law. But as policymakers look to rebuild the economy and strive to make bold investments in broadband infrastructure, the potential to leverage federal dollars to modernize networks at rental properties across the country is great. It may not be an immediate silver bullet solution, but it

is a promising start.

The reality is that only with robust financial support from the federal government and renewed partnerships between property owners and broadband providers can many low-income and workforce housing residents realize the promise of high-speed and reliable internet service. The need is too immense to let this moment and opportunity pass us by. ❖

*Kevin Donnelly is vice president of government affairs for the National Multifamily Housing Council and can be reached at kdonnelly@nmhc.org. Valerie M. Sargent is a multifamily speaker, trainer and executive consultant and is the multifamily news correspondent for **BROADBAND COMMUNITIES**. Contact her at valerie@bbcmag.com. For more information, visit www.nmhc.org, www.bbcmag.com or www.valeriemsargent.com.*

The Leading Broadband Event for Multi-Housing, Commercial Properties, and Communities

Broadband Communities Magazine *Congratulates*

Calix

For becoming a Silver Sponsor at the 2021 Broadband Communities Summit

For more information on Calix, visit www.calix.com.
You are cordially invited to come see Calix at the upcoming

Broadband Communities 2021 • SUMMIT

September 27 – 30, 2021
HOUSTON, TX
Marriott Marquis Houston

To Exhibit or Sponsor contact: Irene G. Prescott
irene@bbcmag.com | 505-867-3299

For other inquiries: 877-588-1649 | www.bbcmag.com

A Towns Technologies EVENT