



Tennessee Housing Development Agency Issue Brief: Fair Housing Impacts of Utility Costs and Broadband Access in Tennessee

Part Four of a Six Part Series Examining Issues of Fair Housing in Tennessee

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Key Findings

- Energy insecurity is more likely to affect the elderly, households with children, and Black and Hispanic Tennesseans.
- Equitable access to utilities and broadband is a challenge for both households and communities.
- The State of Tennessee is investing in programs and initiatives to address utility cost burdens and access and adoption of broadband.

Introduction

This fourth brief addressing fair housing issues in Tennessee focuses on equitable access to affordable utilities and broadband. Between 2018 and 2020, the Tennessee Housing Development Agency and Consolidated Planning Partnersⁱ, conducted research to identify impediments to fair housing choice in Tennessee. The Analysis of Impediments (AI) research forms the basis of the 2020 – 2024 Fair Housing Planⁱⁱ, which includes actions and strategies to eliminate or reduce the negative effects of specific impediments.

Identified impediments relating to utilities and broadband include:

1. Cost of utilities increases housing cost burden for all protected classes and may reduce housing choice or access to quality housing.ⁱⁱⁱ
2. Lack of access to broadband in some communities.
3. Lack of resources among low-income homeowners to make needed repairs, improve energy efficiency (reduce utility costs) or add accessibility features, which may

disproportionately impact persons in a protected class.

A list of specific actions that address these impediments is included at the end of this report.

Why are utilities and broadband a fair housing issue?

Access to affordable utilities such as electric, gas, water, sewer, trash, and internet are essential for everyday living. Lack of access can quickly create hardships for vulnerable populations such as financial burdens or risks to health and safety, especially for children and the elderly. Renters and homeowners alike can experience inequality in their access to these essential resources, either at a community level (e.g. infrastructure) or household level (e.g. cost).

A report by the U.S. Energy Information Administration found that one in three Americans qualify as “energy insecure”, defined as being unable to pay utility bills or sustain sufficient heating and cooling in their home.^{iv} The same report noted that energy insecurity is more likely to affect Black households, Hispanic households, and households with children. This phenomenon is likely exacerbated by the current COVID-19 pandemic with employment insecurity greatly affecting vulnerable populations. Not having access to basic utilities can worsen health and wellbeing, potentially interfere with child custody arrangements (due to not having a habitable living environment), and present a safety issue during safer at home guidance. Repairs can often lessen household utility costs and make homes safer, but may present a financial burden to persons

who have lower incomes, such as the elderly or disabled.^v

Renters, whether financially able or not, have less control over repairs to their living environments. Generally speaking, landlords may be less likely to make energy efficient upgrades or repairs on rental units because it is not cost-efficient to their profit margins since the tenant receives the greatest benefit.

Many Tennesseans are already struggling to pay for basic housing, without considering “extras”, like repairs and upgrades. Across the state, 24.4 percent of homeowners with a mortgage and 47.3 percent of renters pay 30 percent or more of their income on monthly housing costs, defined as “cost burdened”.

^{vi} Ninety-two percent of renters pay at least one additional utility that is not included in their rent.^{vii} For householders already paying a significant portion of their income on housing costs, other expenses may fall behind, whether that is the utility bill, medicine, or food.

At the community level, regular inspection and analysis of infrastructure such as water or sewer is vital so that low-income and minority communities receive equitable access to safe and modern systems. In the last ten years, lawsuits in Alabama and Georgia brought to light a question of basic access to services. Some cities require or previously required payment of non-utility related court debt or having a Social Security number in order to access public utilities, which affect persons of different races or national origin backgrounds disproportionately. As a result of the lawsuits, these conditions were determined to be in violation of the Fair Housing Act.

Further, with the rising dependency on internet access for schooling, telehealth, social connection, and other every day services, evaluating broadband infrastructure and access to affordable internet service is increasingly important, especially in very remote rural areas where connections to resources may be lacking or for low-income families who depend on internet connection for the activities listed above.

Utilities

The Tennessee Department of Economic and Community Development (TN ECD)’s Community Development Block Grant (CDBG) program notes in Tennessee’s 2020-2024 Consolidated Plan that anecdotally speaking, utility bills are often cited by local governments as directly affecting neighborhood affordability and are a major factor in determining if a current resident can continue to afford his or her home. Utility costs partly include company or co-op fees and fees for usage, which can depend heavily on the efficiency and condition of household appliances and systems.

Older housing units may be cheaper to rent or buy for a lower-income household, but may present increased maintenance issues or contain health hazards, such as lead. Should either of these affect livability, a renter must work with the property owner to ameliorate the issue or procure new accommodations. The table below shows that renter-occupied units are typically older than homeowner-occupied units. The estimated median value of a home decreases as it ages, with the exception of homes built in 1939 or earlier, which have likely been extensively renovated. Units built prior to 1990, on average, fall under the median gross rent for Tennessee at \$869.

Age of Occupied Housing Units			
	Renter-occupied	Owner-occupied	All
Built before 1980	47.7%	41.8%	43.8%
Built before 1960	19.8%	17.2%	18.1%
Median Year Built	1981	1986	1984

Source: 2019 ACS 5-Year Estimates

Issues with older homes could include water leaks, plumbing problems, drafty doors and windows, HVAC issues, insufficient insulation, carbon monoxide from leaky old appliances, faulty electrical systems, or lead and asbestos in houses older than 1978. As household appliances and infrastructure breaks down, a struggling homeowner or property owner may forgo proper replacements. According to the 2019 American Community Survey,^{viii} 0.4 percent

of occupied housing units lacked complete plumbing facilities and 0.7 percent lacked complete kitchen facilities, rates that remained mostly unchanged from 2014. These percentages translate to more than 9,000 and 19,000 occupied housing units, respectively, across the state. The interim solutions to these issues may cause costly utility fees or unsafe or unsanitary home conditions. Regular inspections and energy efficiency evaluations can help identify potential issues, but the initial inspections or recommended solutions may be too costly or time consuming.

Utility Initiatives

Many organizations, including utility providers, offer various forms of utility assistance. This section briefly covers how the Tennessee Consolidated Planning Partners use federal funds to offer programs from large-scale community infrastructure to individual household assistance. Greater detail on these programs and initiatives can be found in annual [Consolidated Planning documents posted to the THDA website](#).^{ix}

The Tennessee Department of Economic and Community Development's CDBG program oversees large-scale water and sewer infrastructure projects across Tennessee and currently allocates between \$15 million and \$25 million annually to these projects. As outlined in the Tennessee Consolidated Plan and CDBG's website, these projects are awarded competitively in a scoring process that considers community need (unemployment, income), project need, impact on low to moderate income (LMI) persons, and other factors. These projects must serve at least 51 percent LMI households.

As CDBG tackles vital community infrastructure needs, two other Consolidated Planning programs provide funds to local governments and nonprofits to construct and rehabilitate quality housing. THDA's HOME Investment Partnerships Program offers grants for low-income homeowner construction and rehabilitation and the National Housing Trust Fund helps provide quality rental units to extremely low-income renters. These two programs have rigorous inspection standards as a condition of funding

ensuring that all completed units are up to code and reasonably energy efficient.

THDA and the Tennessee Department of Health help renters and homeowners meet the day-to-day demands of their utility costs. The Emergency Solutions Grants (ESG) program and the Housing Opportunities for Persons with HIV/AIDS (HOPWA) program both offer short-term utility assistance among their other services. THDA also administers the Weatherization Assistance Program (WAP) and the Low Income Housing Energy Assistance Program (LIHEAP) for energy assistance, as well as various other repair programs that directly benefit households.

Broadband is Rapidly Becoming Essential

Tennesseans are increasingly recognizing broadband access as a "quality of life" issue. While water, sanitation, and gas/electric meet basic needs, broadband creates a link to jobs, education, and even medical care. Especially during the pandemic, internet services have shifted from largely entertainment focused to being crucial for in home schooling, telecommuting, doctors' visits, ordering daily essentials, social connection, and applying for government programs and services. Additionally, many small businesses have had to move their ventures online.

Broadband can be especially important for lower income households or those living in rural areas where the services mentioned above are harder to access. COVID-19 restrictions on visiting libraries, schools, and community centers may severely limit online activities regularly performed on public networks. Though initiatives are in place to create more public Wi-Fi networks, families are left to decide if they can or want to subscribe to in-home internet packages. However, both before and during the pandemic, many libraries have been a resource for mobile hot spots and devices such as laptops and tablets. Some schools have temporarily started to provide these essentials to students as well.

The Tennessee Department of Economic and Community Development (TN ECD), which houses a dedicated team of broadband focused staff, notes two main challenges with providing broadband

access to unserved and underserved communities: access and adoption. Access refers to the infrastructure that connects households to the internet. For the most remote rural households, “last mile” infrastructure may not exist, or be extremely limited. Sparsely populated areas, especially those with a hilly terrain and long winding roads, are the most difficult to install needed infrastructure. Installation costs can also be prohibitively expensive to businesses with few customers’ expenditures to offset costs in suitable timeframe. Grants can help businesses recoup startup costs and minimize time gaps between the initial investment and turning a profit. Once infrastructure is established, adoption of services can be another challenge. Barriers to adoption include affordability, digital literacy, lack of device, or lack of interest.

Nationwide Barriers to Adoption

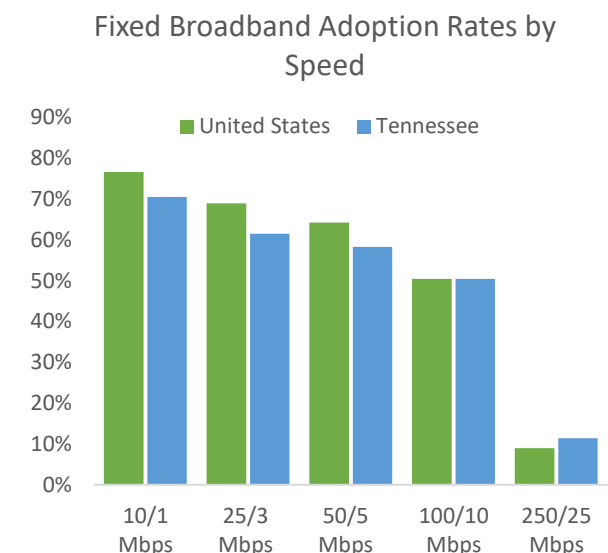
A study from the Pew Research Center found that nationwide, 73 percent of adults subscribe to a home broadband connection and 81 percent use a smartphone for internet access. Persons over 65 years old, adults achieving up to a high school education, and those making under \$30,000 were less likely to subscribe to broadband. Black and Hispanic respondents reported 66 percent and 61 percent, respectively, home broadband use, while white respondents reported above the average (79 percent). For Hispanic respondents in particular, average in-home broadband use was 12 percentage points below the average, though the gap between smartphone usage was only two percentage points below average, meaning internet usage was more likely to be performed on mobile. Interestingly, groups with less broadband adoption, i.e. those making under \$30,000, having up to a high school education, and Black and Hispanic respondents reported in greater than average numbers to being smartphone-only users.^x

The FCC echoes this research in their most recent Broadband Deployment Report.^{xi} In both rural and urban areas with broadband, population density is higher, incomes are higher, and poverty rates are lower. Each analysis reached statistical significance when compared to areas without broadband. Generally, this means infrastructure is more likely to be built to serve larger groups of people who are

most likely to afford services. A deeper look at access and adoption in Tennessee is included in the next section.

Access and Adoption in Tennessee

BroadbandNow ranks Tennessee 17th in broadband access. The FCC’s most recent report states that 98.6 percent of urban areas and 84 percent of rural areas in Tennessee have access to fixed^{xii} broadband at a 25/3 download/upload speed^{xiii}, the current benchmark. This speed allows for roughly three people or devices to simultaneously use the internet for normal activities (surfing, video, email, etc.). The adoption rate for fixed 25/3 mbps broadband is only 61.5 percent across Tennessee.^{xiv} The chart below shows that adoption rates in Tennessee are slightly below average US rates, except for higher speeds.



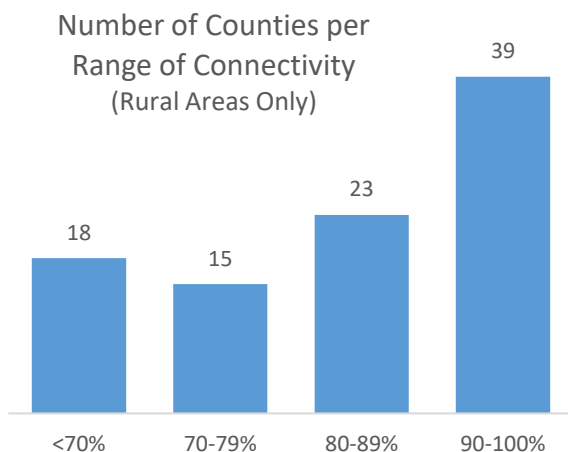
Source: FCC, rates as of December 2019

However, 100 percent of urban populations and 98.5 percent of rural populations are reported to have access to either fixed 25/3 or mobile 10/1 mbps. Ten mbps is sufficient for one person or device to perform basic online activities, though mobile users should be aware of potential data caps with their service providers.

Though most of the state has at least some access to broadband services, 400,000 to 500,000 residents are not able to access broadband at download speeds of 25mbps or higher. A similar number of residents do not have access to more than one

provider, and 274,000 have no providers offering residential services and therefore must depend on mobile or alternative services.^{xv}

Only one Tennessee county's urban areas fell below 95 percent 25/3 mbps connectivity.^{xvi} Forty-two counties' rural areas fell below the average for rural Tennessee at 84 percent. The following chart shows the number of counties' rural areas that fell into different ranges of access to broadband.



Source: FCC, rates as of December 2019

Nationwide, just over 50 percent of Americans have access to internet plans priced at or below \$60 per month, which is considered the threshold for affordability. Tennessee's rate of low cost internet plans is 59.5 percent. Grants and other forms of assistance help offset costs to providers to allow for deeply discounted service packages to those who qualify.

Passed in 2017, the [Tennessee Broadband Accessibility Act^{xvii}](#) has helped provide coverage and affordable access to thousands of Tennesseans. This Act has three main components designed to reduce broadband gaps: investment, deregulation, and digital inclusion. To date, the program has awarded nearly \$45 million to connect 65,000 Tennesseans. This spring, the State is planning to announce an additional \$15 million in awards estimated to connect another 15,000-18,000 Tennesseans. The Act also allowed electric cooperatives to begin providing broadband access. Currently, 14 of 23 electric cooperatives either provide or have plans to provide broadband, notable because electric cooperatives cover 70 percent of the state and often

serve exceptionally rural areas without other access. Lastly, the Act provides public libraries with grant opportunities to help residents improve their digital literacy skills and maximize the benefits of broadband.

Pandemic Broadband Initiatives

Broadband access during the COVID-19 pandemic is critical to health and safety, and several barriers to expanding access are being addressed. In Tennessee, municipalities are currently restricted from offering services outside of their geographic areas and must comply with various public outreach requirements.^{xviii} In 2019, a bill removing these geographic limitations was introduced and subsequently failed. However, as of December 2020, a similar bill^{xix} was introduced allowing municipal services to provide broadband outside of their service area if the area was in a distressed county. It is currently in committee at the time of this publication. Tennessee currently has 11 distressed counties as calculated by the Tennessee Department of Economic and Community Development (TN ECD).

State of Tennessee funds are already being put to use for broadband access. In August 2020, Governor Bill Lee announced the "Tennessee Emergency Broadband Fund" that utilizes a portion of Tennessee's Coronavirus Relief Fund (CRF). Funds could be awarded to businesses and organizations that are authorized to provide broadband services in Tennessee who meet the CRF criteria of addressing public health and safety. Full details are available on the TN.gov website, but include infrastructure and startup costs for unserved or underserved areas to connect households to telemedicine, distance learning, and telework opportunities. Most projects address household level access, but some projects included public Wi-Fi hot spots at schools, community centers, and other public locations. Twenty of 100 total points were awarded to projects that demonstrate scalability for long-term solutions. As of the December 2020 completion deadline, TN ECD initially estimated 55,000 households were served with up to \$55 million of CARES Act funding. A final report is pending.

Whether the public or private sector steps in to provide broadband, startup costs, monthly service

fees, and data caps are all of great concern to residents. Grants, especially CARES Act funding and city and state initiatives, can help alleviate some concerns. Internet and broadband costs are eligible expenses under the CARES Act funding for the Emergency Solutions Grants Program (ESG-CV) and the Community Development Block Grant Program (CDBG-CV). The State of Tennessee ESG-CV program allows these costs to help operate shelters and homeless outreach programs; and TN CDBG-CV is currently undecided if funds will be allocated for broadband access programs or other priority pandemic needs.

Impediments and Recommended Actions

The State of Tennessee Consolidated Planning Partners undertook community and stakeholder outreach between 2018-2020 to determine the greatest barriers to fair housing choice in the State. The following three impediments and their recommended actions were identified in the 2020-2024 Fair Housing Plan:

1. Cost of utilities increases housing cost burden for all protected classes and may reduce housing choice or access to quality housing.
 - a. Provide utility assistance to the maximum number of eligible households each year through THDA's Low Income Housing Energy Assistance Program (LIHEAP) by advertising when funding is available on the THDA websites and social media accounts and by offering an online application process.
 - b. Provide post-repair or energy efficiency education to participants in THDA's weatherization and repair programs, where appropriate, or support efforts by outside partners to provide post-repair or energy efficiency education to help households minimize monthly utility costs.
2. Lack of access to broadband in some communities.
 - a. Provide Department of Economic & Community Development (ECD) funding to establish or increase broadband access to communities without access &
3. Lack of resources among low-income homeowners to make needed repairs, improve energy efficiency (reduce utility costs) or add accessibility features, which may disproportionately impact persons in a protected class.
 - a. Offer THDA home repair loans and grants to low income households aimed at good repair, affordability, accessibility and energy efficiency, with preferences for the elderly and disabled.
 - b. Provide post-repair or energy efficiency education where appropriate or support efforts by outside partners to provide post-repair or energy efficiency education to help households who receive THDA assistance minimize their monthly utility costs.

A number of impediments also involve lack of knowledge or compliance with fair housing laws on the part of the landlord, as well as lack of understanding fair housing laws and resources on behalf of the tenant. THDA, ECD, and DOH plan to provide trainings, educational resources, guidance, and train staff to handle questions and complaints.

Further Considerations

Much of the information presented here relies on pre-COVID data. CARES Act funding and other initiatives are in place to help with utility costs and expand access to broadband; however, the pandemic has still presented a variety of challenges, especially to vulnerable populations. For those that were hit especially hard, whether financially or otherwise, it will be crucial to understand if these programs have successfully sustained residents, or if additional aid is necessary to prevent an equality gap. Though THDA is not able to undertake a meaningful analysis in the midst of the pandemic, new data released over the next months and years will provide further insights.

Additional Reading

For additional resources on broadband in Tennessee and nationwide, visit:

<https://www.tn.gov/ecd/rural-development/tnecd-broadband-initiative.html>

<https://www.tennesseebroadband.com/>

<https://broadbandnow.com/Tennessee>

Tennessee Advisory Commission of Intergovernmental Relations. “Broadband Internet Deployment, Availability, and Adoption in Tennessee Four Years After the Broadband Accessibility Act (Public Chapter 228, Acts of 2017)” Published January 2021. www.tn.gov/tacir

<https://www.pewtrusts.org/en/projects/broadband-research-initiative>

<https://www.fcc.gov/>

Other Briefs in This Series

Anderson, Teresa; Swanson, Laura “Overview of Findings Supporting the Fair Housing Plan & Perspectives on the State of Fair Housing.” Tennessee Housing Development Agency, January 2021.

Arik, Hulya; McCarthy, Kevin C, “Racial and Ethnic Disparities in Home Mortgage Originations in Tennessee.” Tennessee Housing Development Agency, January 2021.

Anderson, Teresa, “Housing Opportunities for Persons with Disabilities.” Tennessee Housing Development Agency, February 2021.

McCarthy, Kevin C., “State of Publically Assisted Rental Housing in Tennessee.” Tennessee Housing Development Agency, *forthcoming*.

McCarthy, Kevin C; Randle, Zelinka, “Barriers to utilizing Housing Choice Vouchers” Tennessee Housing Development Agency, *forthcoming*.

<https://thda.org/research-reports/issue-briefs>

ABOUT THDA

As the State’s housing finance agency, the Tennessee Housing Development Agency (THDA) is a self-sufficient, independently funded, publicly accountable entity of the State of Tennessee. THDA’s mission is to ensure that every Tennessean has access to safe, sound, affordable housing opportunities. More information about THDA programs can be found online at www.thda.org.



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ⁱ The Consolidated Planning programs consist of THDA’s HOME Investment Partnerships Program, Housing Trust Fund (HTF) program, and Emergency Solutions Grants (ESG) program; Tennessee Department of Economic and Community Development’s Community Development Block Grant (CDBG) program; and Tennessee Department of Health’s Housing Opportunities for Persons with Aids (HOPWA) program. When referring to these programs, the collective agencies are known as the Consolidated Planning Partners.

<https://thda.org/research-reports/consolidated-planning>

ⁱⁱ The full Fair Housing Plan is included in the 2020-2024 Consolidated Plan located at the link above. Impediments and recommended actions are taken directly from the plan.

ⁱⁱⁱ The term *protected class*, as used here, refers to the seven protected classes mentioned in the Fair Housing Act: Race, Color, Religion, National Origin, Sex, Familial Status, and Disability. The Tennessee Human Rights Act also prohibits discrimination in housing on the basis of creed.

^{iv} <https://www.eia.gov/todayinenergy/detail.php?id=37072>

^v For more information about fair housing and persons with disabilities, see part three of this issue brief series:

https://thda.org/pdf/RP_DisparitiesinHousingOpportunityDisabilities_Final.pdf

^{vi} 2019 American Community Survey, 5-year estimates, Table DP04

^{vii} Ibid, Table B25069

^{viii} 5-year estimates, used throughout this section unless otherwise noted.

^{ix} <https://thda.org/research-reports/consolidated-planning>

^x Anderson, Monica. 2019. Mobile Technology and Home Broadband 2019. Pew Research Center. https://www.pewresearch.org/internet/wp-content/uploads/sites/9/2019/06/PI_2019.06.13_Mobile-Technologyand-Home-Broadband_FINAL2.pdf.

^{xi} FCC’s Fourteenth Broadband Deployment Report, <https://docs.fcc.gov/public/attachments/FCC-21-18A1.pdf>

^{xii} “Fixed” refers to a terrestrial connection, like home Wi-Fi or wired internet.

^{xiii} The FCC presents figures as download and upload speeds. For example, 25/3 mbps would be download speeds of 25 mbps and 3 mbps upload speeds.

^{xiv} Rates as of December 31, 2019.

^{xv} <https://broadbandnow.com/Tennessee>

^{xvi} Out of 75 counties with areas defined by the FCC as urban.

^{xvii}

<https://publications.tnsosfiles.com/acts/110/pub/pc0228.pdf>

^{xviii} <https://broadbandnow.com/report/municipal-broadband-roadblocks/>

^{xix}

<http://wapp.capitol.tn.gov/apps/BillInfo/Default.aspx?BillNumber=HB0028>