



KNOXVILLE AREA
ASSOCIATION OF REALTORS®

June 28, 2021

Knoxville City Council
400 Main Street
Knoxville, TN 37902

Dear Council Members,

We are writing today to inform you that the Board of Directors of the Knoxville Area Association of REALTORS® (KAAR) voted this month to endorse KUB's fiber and broadband plan, which would modernize its electric grid and provide broadband services to all customers in its service territory.

Despite internet playing such a vital role in day-to-day life, many of our fellow citizens still lack access to reliable and affordable internet connections. By recognizing that broadband is a public utility, as our Association does, we have an opportunity to reduce the critical "digital divide" while making the greater Knoxville area more attractive to buyers of commercial and residential property, in addition to businesses that support those sales.

As it relates to real estate, prospective buyers show little interest in properties that do not include access to reliable internet.¹ Data also suggest that broadband internet correlates to higher prices, creating additional equity gains for homeowners and expanding the local tax base.² A recent study shows that single-family homes with access to a 25 Mbps broadband connection have a price that is about \$5,977, or 3%, more than similar homes in neighborhoods with 1 Mbps.³ As one author puts it, "[b]uying a house without broadband is starting to feel a

¹ Knutson, Ryan, *How Fast Internet Affects Home Prices*, Wall Street Journal, June 30, 2015, online at <https://www.wsj.com/articles/SB11064341213388534269604581077972897822358>.

² Molnar, et al., *The Impact of High-speed Broadband Availability on Real Estate Values: Evidence from United States Property Markets*, SSRN Electronic Journal, March 2013, online at https://www.researchgate.net/publication/256055568_The_Impact_of_HighSpeed_Broadband_Availability_on_Real_Estate_Values_Evidence_from_United_States_Property_Markets.

³ Molnar, Gabor et al., *High-Speed Internet Access and Housing Values*, Applied Economics, Vol. 51, No. 55 (2019) abstract at <https://www.tandfonline.com/doi/full/10.1080/00036846.2019.1631443>.

lot like buying a house without electricity or running water – it’s not a home that most people would willingly buy.”

From a regional economic perspective, Chattanooga’s city-owned fiber optic and smart grid infrastructure launched in 2010 illustrates the potential impact of KUB’s plan. A recent study estimates the economic value of Chattanooga’s city-owned fiber exceeds \$2.20 billion — supporting 9,516 jobs and \$14 billion in local economic development across the past decade.⁴ According to the study, each county resident is estimated to have benefited by about \$646 per year due to the incremental value generated by Chattanooga’s city-owned fiber optic and smart grid infrastructure. The investment in municipal broadband also enabled Chattanooga to connect 17,000 low-income households of students to free high-quality internet access, helping to reduce the “digital divide” and promote upward economic mobility. Put simply, the enormous positive impact of Chattanooga’s fiber optic and smart grid infrastructure exemplifies the critical role broadband plays in modern society.

We feel it is imperative City Council do all in its power to ensure every resident in the City of Knoxville have access to high-quality and affordable broadband services. For these reasons, the Board of Directors of the Knoxville Area Association of REALTORS® — representing nearly 5,500 members across East Tennessee — urge you to authorize KUB’s fiber and broadband plan.

Sincerely,

Shannon Foster-Boline

Shannon Foster-Boline
President

Lyle D. Irish

Lyle Irish
Chief Executive Officer

Hancen A. Sale

Hancen Sale
Governmental Affairs and
Policy Director

cc: Indya Kincannon, Mayor, City of Knoxville
Gabriel Bolas, President and Chief Executive Officer, KUB
Stephanie Welch, Deputy to the Mayor, City of Knoxville
Erin Gill, Deputy to the Mayor, City of Knoxville

Knoxville Area Association of REALTORS® is a trade association representing nearly 5,500 REALTORS® involved in all aspects of the residential and commercial real estate industries across the East Tennessee region.

⁴ Fogden, Tom, Why Chattanooga Has the Fastest Internet in the US, Tech.co, August 21, 2018, online at <https://tech.co/news/chattanooga-fastest-internet-usa-2018-08>.