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Real Estate

Biden's \$213 billion pitch to build, retrofit homes may be ticket to homeownership



A worker is seen at a construction site for model homes being built by Habitat for Humanity and Delta Air Lines in Atlanta. (Elijah Nouvelage/For The Washington Post)

JBy Haisten Willis

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ATLANTA — The path to becoming a first-time home buyer can be a stressful journey. In 2021, with a hot market fueled by low interest rates and extremely low inventory, it can feel like a battle royal.

“The houses I’m seeing either need a lot of work, or they’re on the market maybe an hour and then gone,” said Johnita Daniel, a 33-year-old Atlanta resident who hopes to become a new homeowner.

“There’s just a constant turnover of the supply that is there. If it’s a good house, people are striking while the iron is hot or even before it really heats up. It’s very hard for someone like me, who wants to stay at a lower budget, to get in.”



Johnita Daniel is a 33-year-old Atlanta resident who hopes to become a new homeowner. (Elijah Nouvelage for The Washington Post)

As part of a \$2 trillion [infrastructure push](#), President Biden has called for a number of measures intended to make house hunting easier for would-be buyers like Daniel. Biden’s [American Jobs Plan](#) includes \$213 billion intended to “preserve, retrofit or create” more than 2 million homes and commercial buildings, along with incentives to ease zoning restrictions and other actions.

For new buyers, retrofitted homes could be the ticket to homeownership. And for those who own a home but have a tight budget, the funds could open the way for improvements that would make them more energy-efficient, saving money in the long term and becoming more climate-friendly in the process.

[Searching for an affordable home in a tight market](#)

Daniel is looking at developed areas of the western Atlanta suburbs where there's little new room to build and lots of aging homes from the 1950s, '60s and '70s. She'd be glad to buy one that was tastefully renovated if it landed in her price range.

If such an idea came to pass on a large sale, it would be a "huge move," according to Georgia State University housing professor Dan Immergluck.

"We have older, vacant housing in Atlanta that could use these resources," Immergluck said. "We also have lots of communities in struggling suburbs that have not rebounded as well, particularly African American suburbs. I think this is needed to put some investment into those neighborhoods to help with some of the market failures the recovery has left us with."

Immergluck has studied "hypervacancy neighborhoods" with 8 or 10 percent of their units sitting unused for extended periods, many of which never fully recovered from the [housing crisis](#) more than a decade ago. It's an ironic problem in such a tight housing market, and one that he said particularly impacts majority Black neighborhoods.

"There's also a racial justice and [an] economic justice angle to this," Immergluck said.

Creating affordable housing

Biden's plan calls for Congress to pass the [Neighborhood Homes Investment Act](#), a bipartisan bill that provides tax credits to rehabilitate blighted homes. Offering \$20 billion worth of NHIA tax credits over the next five years would result in approximately 500,000 homes built or rehabilitated, according to the Biden administration.



A home in Atlanta before it was renovated by an organization aligned with Habitat for Humanity. (Courtesy of Habitat for Humanity). The newly renovated home is shown. (Elijah Nouvelage/For The Washington Post)

While the infrastructure bill also would incentivize cities to scrap minimum lot sizes, parking requirements and blanket bans on apartments, condos and townhouses, renovating older houses could be a relatively quick and effective method of creating affordable housing and one that would not require further destruction of the natural environment through clearing land for new housing.

There's no question that supply of smaller homes is extremely low. [According to Bright MLS](#), 2020 was the tightest housing market on record in the D.C. region, with just 1.3 to 1.4 months' supply of homes for most of the year. It's even tighter for homes costing less than \$500,000, as many jurisdictions hit an all-time high in median sales prices (not adjusted for inflation) in 2020.



Workers are seen at a construction site for model homes being built by Habitat for Humanity and Delta Air Lines. Under the Neighborhood Homes Investment Act, a bipartisan bill that President Biden is urging Congress to pass, homeowners could receive tax credits to rehabilitate blighted homes. (Elijah Nouvelage for The Washington Post)

Avoiding the zoning hassles and environmental damage of new construction is a major advantage of renovations. On the flip side, it necessitates working on a house-by-house basis where no two units are exactly the same.

[One home, a lifetime of impact](#)

Wesley Brooks, vice president of housing and neighborhood engagement at Atlanta Habitat for Humanity, said his organization runs a repair program with a waiting list hundreds of names long, mainly seniors on fixed income. He sees the rehab idea not only as a way to help first-time buyers purchase homes, but to keep older people in them.

“They’re retired, they’re on Social Security and with a very limited income,” Brooks said. “We do repairs that keep homes safe, dry and accessible. It’s a lot of roofs, windows, handicap access ramps, the bathroom pipe busted and now there’s rotted wood. It’s not about flipping a house, just a way for people to stay in their homes safely. It helps stabilize people in a hot housing market.”

Brooks said Atlanta Habitat has not been able to take advantage of government-funded repair and rehabilitation programs, but would like to do so if the funding had the flexibility for community-based nonprofits to aid the populations they’ve served for decades.

“We want to make sure that increased pressure in the housing market is not forcing people out of their homes just because there’s a hole in the roof,” he said.



Workers are seen at a construction site for model homes being built by Habitat for Humanity and Delta Air Lines. For new buyers, retrofitted homes could be the ticket to homeownership. (Elijah Nouvelage for The Washington Post)

'Targeting different struggles'

Rehabilitation may work well in metro Atlanta, a steadily growing market without the cost extremes of the coasts. But what about in California and New England, or the Midwest?

“With any kind of housing proposal it’s helpful to put some geography on it,” said Jenny Schuetz, a senior fellow at the Brookings Institution. “In cities like Cleveland and St. Louis, Baltimore and Buffalo, there’s a lot of housing, but it’s older and not in great shape. Putting money into fixing things up and getting people into homeownership is not that expensive.”

In Boston, D.C., New York and California, the money won’t go nearly as far, Schuetz said, so different strategies are needed.

“The bill so far, the version that I’ve seen, doesn’t have a lot of geographic breakdown about strategies and targeting different struggles, properties or income levels, but those details will matter,” she said.

There’s also the matter of where to put the funding within cities. It’s more expensive to build and rehabilitate downtown, but doing so in far-flung suburbs encourages long commutes and inefficient sprawl.

A host of people are working out those details, with Democrats hoping to pass the [infrastructure bill over the summer](#). Among them are U.S. Department of Housing and Urban Development senior advisers Alanna McCargo and Peggy Bailey.

“We’re looking at how to partner with Congress on the housing pieces,” Bailey said in an interview with The Washington Post. “While there were some specifics announced around public sourcing and other things, the White House has also brought us into a conversation with members of Congress on what the particulars should look like.”

As the details are being hammered out, one major aim is to make sure housing dollars go toward helping low- and moderate-income families who own their homes, rather than investors who would rent the properties.

McCargo and Bailey are clear on one point — that housing has a place in the infrastructure bill.

“Housing is a foundation for being able to live and thrive,” Bailey said. “Given the need for construction and the need for more affordable housing, it has to be addressed as a part of all the other pieces of infrastructure, such as roads, streets, water and sewer. The housing that goes around those things is equally as important. Housing is infrastructure.”

For Daniel, who works in planning with the Georgia Army National Guard, the hope is that one way or another the housing market gets more buyer-friendly over time, allowing her to complete her search and achieve her homeownership goal.

“Every day I wish for just a little bit of the pressure to be released,” she said. “Can someone turn the pressure valve down just a little bit?”