How the Biden Infrastructure Bill Could Destroy Your Home Equity - What You Need to Know

April 13, 2021 - You're probably aware of the president's push for a $2.3 Trillion infrastructure bill. But there is an equally good chance that you don't know what is in it. If you think it includes things like bridges, highways and airports, you're correct. But what about taking away zoning rights from cities, towns and other municipalities and giving those rights to the federal government? You may not think that should be in an infrastructure bill, but it is. And the reason it is there is because the Biden administration considers single family housing to be discriminatory. They want to do away with it. If you own a home or a condo, you are squarely in this bill's crosshairs.

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Most Americans work all of their lives to purchase a home. In fact, a home purchase is the largest single purchase most people will make in their lifetime, and it is one of the best ways for people to gain financial security and build personal wealth.

When you purchase a home, you probably want to make that purchase in a safe neighborhood. And you probably want to have neighbors that value the same things that you do. You're going to want them to keep their property up, and you don't want them to knock the house down and build an apartment building that overlooks your back yard. That's where zoning laws come into play.

Most cities around the country have them (although Houston is an exception). Zoning laws make neighborhoods more uniform. They specify the types of buildings that can be built on a parcel of land, make sure there is enough parking available for the residents, prevent businesses from moving into residential areas, etcâ€¦ Essentially, zoning laws are what make neighborhood what they are.

Unfortunately, the Biden administration sees them as a problem. They believe that single family zoning is exclusionary at best, and racist at worst. So they are trying to take zoning rights away from local governments and put them in the hands of the federal government. And they are attempting to do this with language they have buried in their proposed infrastructure bill.

A fact sheet about the bill that was released by the White House states, â€œFor decades, exclusionary zoning lawsâ€”like minimum lot sizes, mandatory parking requirements, and prohibitions on multifamily housingâ€”have inflated housing and

construction costs and locked families out of areas with more opportunities.â€• It goes on to state, â€œPresident Biden is calling on Congress to enact an innovative, new competitive grant program that awards flexible and attractive funding to jurisdictions that take concrete steps to eliminate such needless barriers to producing affordable housing.â€•

The way the grant program will work is that in order for cities to get any money, they will have to agree to give up their local zoning authority to the federal government. That means if you own a single-family home in a neighborhood of only single-family homes and your city takes the money being offered, you could find yourself living next to a tenement apartment building sometime in the near future. Who will want to purchase your house then? What do you think that will do for your property value? And how do you think that will impact crime in your neighborhood? These are all legitimate questions that the Biden administration doesn't want you to ask.

If you think this isn't having an impact on real estate already, you're wrong. Hedge funds have been snapping up homes around the country in anticipation of this. Right now, they own a combined total of around 500,000 homes. So if you live next to a house that was recently sold and is now sitting empty, you should be concerned.

This bill, or at least this portion of it, isn't about infrastructure at all. It's about social engineering. And if you don't think these provisions should be in it, then it is time to call your congressman. But don't wait. If you do, the equity in your home could be gone as fast as you can say "infrastructure!"
by Jim Malmberg
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