

# Three Reasons 2015 is the Year of the Millennial Homebuyer



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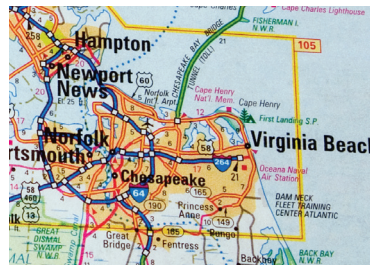
“Roughly 42 percent of millennials say they want to buy a home in the next one to five years... As this generation matures, they will become a home-buying force to be reckoned with.” – *Dr. Stan Humphries, Zillow chief economist*

Welcome to 2015, the year many home-buying experts like Humphries expect millennials to enter the housing market in a big way. As a mortgage lender who specializes in home loans for millennials (those born between 1980 and 2000), I keep close watch on new federal and state policies that may impact young adults who want to buy homes. Here’s what you need to know:

**1) Student Loan Relief** – Until now, the federal Pay As You Earn program allowed newer borrowers to cap monthly student debt payments at 10 percent of a person’s disposable income. Starting in 2015, the government has expanded the program to people who took out student loans before October 2007 or stopped borrowing by October 2011. That’s almost 5 million more (mostly young) people who will feel relief from student debt and potentially have more money to buy a home.

**2) 2.3% Down Payment** – Also at the national level, Freddie Mac and Fannie Mae both

Five cities in  
Hampton Roads  
are considered  
"millennial magnets."



announced a 3% down payment program for conventional loans, down from 5 percent. The lower down payment still comes with PMI, or private mortgage insurance, but unlike FHA loans the premium drops off after the borrower reaches 20% equity in the property.

**3) Virginia Savings Plan** – Closer to home, the Virginia General Assembly approved legislation

in 2014 for the First-Time Homebuyer Savings Plan. The plan allows people to set aside up to \$50,000 toward the costs of closing on a new home. The best part: earnings from the savings account are free from Virginia state taxes.

Let’s recap: In 2015, we now have student debt relief for more people plus a 3 percent down payment option and tax-free savings account for first-time home-buyers. In total, the changes make the landscape ripe for millennials to enter the housing market in much greater numbers.

Oh, and one more piece of positive news. Late last year, USA TODAY identified eight Virginia cities as “millennial magnets,” places where young people continue to move and thrive. On the list? Norfolk, Newport News, Hampton, Virginia Beach and Chesapeake.

Like Humphries said, 2015 is the year of the millennial homebuyer. Make sure that you’re armed with the facts and ready for what’s to come. ~

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