



# Buying real estate for your college kid

**B**uying a property to live in while you attend college can be a worthwhile investment. More parents are finding that buying a house or condo for their college-age children makes sense, as an investment, to cope with the ever-climbing costs of a college education and in giving their children a leg up after they graduate.

What pushes many students and parents into buying college real estate?

1. It's increasingly difficult for students to find on-campus housing because dormitory space is limited. Even if on-campus housing is available, dorm rooms aren't exactly cheap.
2. Most parents who buy real estate for their college children consider it an investment opportunity, hoping that the value will rise over the next few years and when their children graduate from college they might sell the property to cover their tuition bills.
3. Giving their children the right living environment. Parents believe that when people live in a comfortable environment, they have a better chance of succeeding.
4. For students, a campus house or condo can offer greater freedom, a choice of roommates and more amenities, including a full kitchen, private bath, deck and hot tub, cable and Internet connectivity and covered or enclosed parking.
5. For parents, it offers a chance to not only recoup some of the skyrocketing cost of higher education, but if approached correctly, can even launch their baby birds into the world with something college can't provide: a good credit history.
6. Parents may be able to write off the mortgage interest and property taxes on a second property. If they collect rents, however, they should be able to deduct part of the utilities and maintenance on the property. Your best bet is to speak with a tax professional to get specific numbers for your situation.
7. It is a potential for future income for parents, since campus-friendly condos can be rented to

other students after their own children move on.

### Fear factor

As the owner of a campus house, you have goals similar to those of any landlord. You want a property you can keep fully occupied and that will produce rental income to at least cover your costs (mortgage, taxes, insurance). You also want to be sure you have signed leases and security deposits from every renter.

What scares many parents – and keeps the dorms full – are the unknowns. What if I can't rent it? What if my son or daughter drops out? What if the housing market suddenly flatlines? What if? What if? What if?

Make sure your child is stable enough for this to work. If your child has roommates to help cover costs, he or she instantly becomes a landlord, as such your child needs to be sufficiently responsible to collect rents, pay bills on time and take care of a property. But you also need to be reasonably sure he or she is going to stay put.

In addition, buying a home can be riskier than paying for a dorm room. There is no guarantee that the property will appreciate in value, and if it does not, you may have to consider becoming a landlord to future college students after your child graduates.

Given the high cost of higher education, buying a condo or house for your college-bound child may sound like a far-fetched idea. But it's actually pretty common, and not just for the very rich. In fact, the monthly cost of owning real estate – after you account for rental income on extra rooms – may actually be less than the cost of renting off campus or paying for the dorm. It not only makes financial sense, it is a much better environment for your child to live in than they would have had.