

Marketing Affordable Home-Ownership Programs Through Real Estate Professionals

By Marcia Nedland

According to the National Association of Realtors[®], more than 80% of America's homebuyers start their home search process by contacting a real estate agent. This is an enormously important connection to potential customers of nonprofit affordable home-ownership programs. Strong relationships with real estate agents can contribute significantly to increased production and neighborhood revitalization.

Why work with real estate professionals?

If you are in the home-ownership business, you need real estate professionals because they work with your potential customers. They are in a position to make valuable referrals to you for education, loans or homes you're trying to sell.

If you are in the neighborhood revitalization business, real estate agents are even more critical. They can both help and hurt neighborhoods, depending on how they see them. It makes sense to support them in the work of selling properties in neighborhoods undergoing revitalization, whether you own the properties or not, whether you lend on the properties or not. Every neighborhood needs a healthy, thriving conventional real estate market to be successful.

One of the things real estate agents do very well is sell – homes, certainly, but also the things that come with that home like neighborhoods, homebuyer education, lenders and loan products. They can be an extension of your sales force if you develop a working relationship with them.

How do you find the right real estate professionals to work with?

Different communities seem to have different “personalities” with regard to the level of interest real estate agents have in working with nonprofits on affordable home-ownership programs. In some places, it's easy and in some places it takes some patience and ingenuity.

It usually isn't efficient to try working with all of the real estate agents in your city at once. If you are working in specific neighborhoods, or know the areas your customers are most likely to be able to afford to buy, drive around and see which agents are already listing properties in that area. They will have the most immediate self-interest in working with you.

What do real estate professionals want?

There aren't any rules about this, and you should definitely research the wants of your real estate agents by talking with them. In general, though, it's important to remember

that agents work on commission. They make their living selling properties. So it only stands to reason that the faster they can close on a sale, the better off they are. Things that slow down sales or kill them altogether are buyers who aren't prepared and aren't qualified for a loan, complicated, time-consuming financing, and properties that are difficult to sell. Whatever you can do to help them with this will make them want to send people your way.

Also remember that agents' commissions are based on a percentage of the sales price of the home. It takes just as much work (and sometimes more) for them to sell a \$50,000 house as it does to sell a \$200,000 house, but the commission is totally different. You may wish that they were motivated by something other than money, but it is really unfair to ask that altruism be the only motivation for someone whose livelihood depends on their sales.

What marketing strategies make sense with real estate agents?

Here are some ideas for marketing strategies based on those used successfully by nonprofit housing organizations around the country:

Sponsor a page in the local real estate journal, and/or an ad in the mainstream newspaper that features all of the properties listed in your target area. Charge a minimal fee to listing agents to have their property included.

Sponsor a segment of the local cable television real estate listing show to feature listings in your area.

Sponsor a neighborhood-wide open house tour, in which all listings in your area would be open on the same day, with special advertising and publicity generated by you on behalf of the listing agents. Get a story in the real estate section of the newspaper that publicizes the event, and gives a map with addresses so people can do self-guided tours. If you are citywide, do a citywide open house of all properties listed within an "affordable" price range for your city.

Offer "Special Financing Available" signage for agents to post on their listings that will appeal to your customers.

Call every agent with a listing in your area to make sure they know about the availability of your special financing. Offer to prepare a financing sheet on their properties that lays out the down payment and monthly payments with your financing – it can be used in listing packets in the property.

Work with the local Board of Realtors to develop a class for real estate agents on your organization, your customers, and your education and loan products, that can count as a Continuing Education Credit for agents.

Offer to post listings in your area in the location where you conduct homebuyer education classes.

Offer a sales bonus to any agent who sells a property in your target area to an owner-occupant. (\$300- \$500 is common, but consult an attorney to make sure your particular program won't violate the Real Estate Settlement Procedures Act [RESPA] rules.)

If you own properties for sale, list them with an agent and pay them a commission. It is rarely worth it to try and sell them yourself, either because it takes too long or it incurs the wrath of the agents you'll need later – sometimes both. A 6% sales commission on a \$65,000 house is \$3,900 – compare that to the carrying costs of holding the property unoccupied for several months, including staff time in finding buyers and showing the property, etc. – it's often cheaper to pay the commission. Even if it costs a bit more to use an agent, the benefits of conventional real estate activity to the neighborhood are important, and the business relationship you develop with the agent can be critical to future projects.

Involve real estate agents in your organization. Get a real estate agent on your board of directors and on your home-ownership committee. Gather a small group of them to get reactions on your new or existing programs and products.

Use agents as trainers in your homebuyer education classes. Just be sure they know that it's not an appropriate forum to sell their services.

Agents play a critical role with potential homebuyers and your neighborhood real estate market, and you can ensure that it is the most positive role possible. Treat real estate professionals like customers – understand what they want, and make sure you do your best to make it easy for them to do their job. Give them ready, qualified buyers, discounted or free advertising, useful information on your financing, and a quick, streamlined loan approval process that allows them to close loans quickly. Remember that, like you, they deserve their fees just as much as the appraiser, the lender, the title company and everyone else who provides a service in the home-buying process. Investing in this relationship can have a big impact on your production and your neighborhoods at very little cost.