



Marketing Houses And Neighborhoods Through Real Estate Professionals

*How Nonprofits and Local Governments Can
Partner With Real Estate Professionals to Sell More Houses and
Transform Neighborhoods*

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Real estate professionals offer an enormously important set of skills to the administration of neighborhood stabilization and affordable homeownership programs. For nonprofits and local government administering such programs, strong relationships with real estate agents can contribute significantly to increased production and neighborhood revitalization. For real estate brokers and agents, these relationships can generate more business in the short term, and an opportunity to change communities and improve real estate markets for the long term.

Why should nonprofits and local governments work with real estate professionals?

If you are in the homeownership 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. The Multiple Listing Service (MLS) system that local associations of REALTORS manage is a critical place to list property you're selling – it is where agents and buyers look for a home.

If you are in the neighborhood revitalization business, real estate agents are even more

critical. They can provide you with market insight and data that is hard to get any other way. They know what buyers are saying about properties and neighborhoods. 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.

Why should real estate professionals work with nonprofits and local governments on stabilization and affordable housing programs?

With the federal Neighborhood Stabilization Program (NSP) alone, there is at least \$6 billion in investment disseminated around the nation to be used directly to reclaim foreclosed property, rehab it to a high-quality standard, and find new responsible

owners for it. That \$6 billion also leverages much more investment from the first mortgages buyers will obtain. This is a huge piece of business for brokers and agents. While many banks and servicers have designated a single approved broker to list their property, all brokers and agents can bring buyers to these listings, to local NSP program listings, and to other homes in neighborhoods where NSP is working.

Beyond these transactions, real estate professionals can cultivate a city- or countywide presence in their communities by taking leadership as a partner to the nonprofits and local government implementing stabilization efforts. This partnership can effect real change in communities and local real estate markets.

What do nonprofits and local governments want in a real estate agent?

Nonprofits and local government need to find brokers or agents who *like* working in the neighborhoods in which they have property – there will be a wide variety of neighborhoods targeted for an NSP program in any given community, but they will likely include some in-town neighborhoods with an urban lifestyle. These brokers and agents have to know the selling points of the neighborhoods and be effective at selling them. Brokers and agents also have to *enjoy* working with customers who may largely be first-time buyers of moderately priced homes.

Nonprofits and local governments can find these brokers and agents by looking at who

is already selling in their neighborhoods or similar neighborhoods; by reaching out to local associations of REALTORS with presentations that describe the properties and customers they work with, so that those who are a good match can come forward; and by hosting an open house for agents and brokers in a few of their properties to see who shows up.

Nonprofits and local governments can also benefit from working with agents and brokers who can provide them with market data than can help shape programs and products. For instance, the National Association of REALTORS conducts extensive research every year on the habits and demographics of buyers and sellers, while MLS statistics offer insights on a more local scale.

What do real estate professionals want?

In general, it's important for nonprofits and local governments 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.

On the other hand, there are agents who specialize in first-time buyers and in urban neighborhoods, historic neighborhoods, or other types of neighborhoods. They have learned how to make a good living by specializing in exactly the kind of sales that nonprofits and local governments most want to make.

How can nonprofits and local governments help real estate agents sell their communities and properties?

In order to stabilize communities, all houses on the market need to sell to strong buyers, not only the ones that a nonprofit or local government owns – these strategies will support agents listing your property or other property in the neighborhoods you are working in.

- Brand your properties in order to draw attention to their high-quality rehab and affordable price. You can do this through a website, a physical feature on the home, and other related marketing.
- Sponsor a page in the local real estate journal 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. If it is a hosted show, co-host with several of the listing agents and talk about the homes with them.
- 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 – or all NSP homes.
- 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 any special financing the nonprofit or local government offers. 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. 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 (unless you have an in-house broker), 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 the organization or stabilization initiative. Get a real estate agent on your board of directors and on your homeownership,

development, or stabilization 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.

Agents play a critical role with potential homebuyers and neighborhood real estate markets. Nonprofits and local governments engaged in stabilization should treat real estate professionals like valued partners – 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 homebuying process. Investing in this relationship can have a big impact on your production and your neighborhoods at very little cost.

Agents and brokers can engage in stabilizing their communities by partnering with local stabilization programs, and learning the selling points of houses and neighborhoods in NSP and other revitalization programs. After that, all that's necessary is to employ the skills in market analysis and selling that real estate professionals specialize in.

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