

Social Marketing:

The Case of Affirmative Fair Housing Marketing

by

Marijoan Bull
/

Submitted to the Department of Urban
Studies and Planning in Partial
Fulfillment of the Requirements of the
Degrees of

Bachelor of Science of Urban Studies

and

Master of City Planning

at the

Massachusetts Institute of Technology

June 1982

© Marijoan Bull 1982

The author hereby grants to MIT permission to reproduce and to
distribute copies of this thesis document in whole or in part.

Signature of Author:

Department of Urban Studies & Planning, 20 May 1982

Certified by:

Thesis Supervisor

Accepted by:

Chairman, MCP Committee,
Department of Urban Studies & Planning.

Archives

MASSACHUSETTS INSTITUTE
OF TECHNOLOGY

AUG 2 1982

LIBRARIES

SOCIAL MARKETING:

THE CASE OF AFFIRMATIVE FAIR HOUSING MARKETING

by

Marijoan Bull

Submitted to the Department of Urban Studies and Planning on May 24, 1982 in partial fulfillment of the requirements for the Degrees of Bachelor of Science in Urban Studies and Master of City Planning.

ABSTRACT

This essay concerns itself with evaluating a regulatory vehicle established to overcome racial discrimination in the housing market. The evaluation occurs through the specific framework of marketing science. Applying the formal structure and tools of a field largely viewed as business related to a fair housing innovation may at first seem incongruent, but the analysis proves such a combination a fruitful one. The opening section familiarizes the reader with the basics of the marketing approach and the integral concepts and techniques currently the state of the art, by presenting a generic concept of marketing. The emerging idea of marketing for social goals is explained and an attempt made to fit AFHM into this framework. The difficulties of adapting marketing theory to a social goal marketing effort are discussed. A review of the real estate industry's theory of marketing puts AFHM in context. How this theory contrasts with the generic model will be noted. The unique characteristics of the industry and its product, and the ramifications these characteristics have for marketing real estate are examined. A third section presents AFHM in depth -- the process is outlined, agency roles defined, and typical efforts and results discussed. The attitudes of the actors involved will be presented. The Boston housing market and the specific AFHM experience of the Massachusetts Housing Finance Agency (MHFA) will be explored. At this point the essay turns to the key, in terms of marketing theory, to the problem of AFHM, the minority housing consumer. This section will pull together existing knowledge on the housing search procedures of the minority elderly. This data is augmented by the results of a recent survey by the Boston regional planning agency, the Metropolitan Area Planning Council (MAPC) and by the use of the marketing technique of focus groups. The next section is an evaluation of the present practices of AFHM techniques. Armed with marketing theory, and the supplementary knowledge from the exploration of social marketing, the nature of the real estate industry, the behavior of the housing consumer, and the effectiveness of particular marketing techniques, an evaluation of AFHM is organized. Several recommendations are developed from this analysis. These recommendations include suggested changes in agency administration, agency monitoring, and housing sponsors' practices. This essay is seen as a way of bringing about concrete improvements in the practice and results of AFHM. The

application of theory combined with knowledge of contextual factors, it is hoped, results in reasonable suggestions of alternative approaches to reach the social goal behind AFHM. The adaptation of refined business sense to an area of social concern may broaden the minds of those working on social issues and further such profitable endeavors.

ACKNOWLEDGEMENTS

For information and referrals, thanks to:

Tony DiMatteo
Charlotte McClure
Paul Rhuda
John Sharpe.

For a show of trust and an afternoon of conversation, warm appreciation to:

A.B., P.D., L.F., and L.T.

For encouragement, enthusiasm, and work above and beyond the call of duty, grateful thanks to:

Frank Jones
Barbara Leavitt
Wendy Plotkin
Lynn Roberson.

For time, support, and care, a heartfelt debt is owed to:

Karen Fulbright
Leona Morris
Sandy Wellford

For faith in me, patience, and love, much gratitude to:

Laurel Anderson
Kathy Bull
Keith Bull
Barbara Doody
Sarah Harder.

For more than I can say, love to Chris.

TABLE OF CONTENTS

Abstract	2
Acknowledgements	4
Table of Contents	5
Exhibits	6
Preface	7
Introduction	8
Chapter One: Modern Marketing and the Emerging Concept of Social Marketing.	20
Chapter Two: Housing as a Product and Marketing in Real Estate Industry.	46
Chapter Three: The Affirmative Fair Housing Marketing Process.	67
Chapter Four: The Minority Elderly Housing Consumer.	96
Chapter Five: Synthesis of Perspectives: Improving AFHM Practices.	119
Sources Consulted	135

EXHIBITS

- Exhibit One: Evolving Views of Marketing's Role in the Company.
- Exhibit Two: Steps in Marketing Process.
- Exhibit Three: Elaboration of the Four P's.
- Exhibit Four: The Art of Media Selection.
- Exhibit Five: Forms of Promotion, Public Relations and Publicity.
- Exhibit Six: HUD AFHM Process.
- Exhibit Seven: HUD AFHM Plan Form.
- Exhibit Eight: MHFA Marketing Study Outline.
- Exhibit Nine: MHFA AFHM Contract.
- Exhibit Ten: MHFA Community Resource Contact List.
- Exhibit Eleven: Housing Search and Choice Process.
- Exhibit Twelve: A Generalized Channel of Distribution for Concepts.

PREFACE

If the times were the mid 1960's this essay would be topical. The civil rights movement, the ghetto riots, and the black separatist movements made that time a period of focusing on injustice in American society. Since then the issue of race has taken a back seat to economic concerns and to international affairs. Few people in 1982 are writing progressively on the problems of racism and racial segregation in American society. Perhaps this is due to frustration at unsuccessful efforts or waning interest, but more likely it is a turn toward self preservation in the face of recession. Certainly the lack of current inquiry does not reflect a lack of subject material. The United States of 1982 is hardly less segregated than that of the 1960's. The path of black progress over the past twenty years has not been a clear, nor some argue, significant one. While this essay may not be topical it is important to stir the collective conscience which has chosen to ignore persisting racial inequality. Problems like racism, which are of a moral nature and culturally sustained, do not solve themselves. Society must absorb itself in the study of these injustices, action must be taken.

INTRODUCTION

This essay concerns itself with evaluating a regulatory vehicle established to overcome racial discrimination in the housing market. The evaluation occurs through the specific framework of marketing science. Applying the formal structure and tools of a field largely viewed as business related to a fair housing innovation may at first seem incongruent. As racial segregation and discrimination are discussed below and the innovation of Affirmative Fair Housing Marketing introduced, the fit will become clearer.

This country is divided along white, suburban and black, urban lines. One 1970 study trying to measure integration found a scant 12% of whites and 14% of blacks resided in integrated areas.¹ More recent data supports the picture of blacks primarily living in metropolitan areas and a minimal suburban migration.² The physical separation is not the full story. Empirical studies have found marked differences between the prices and quality of housing available in areas of predominantly black occupancy with those of predominantly white occupancy. "Blacks at every income level tend to live in lower quality dwellings than their white counterparts and pay more for their housing than whites."³

Concern over racial segregation is appropriate since the location of one's home may have everything to do with one's opportunities in life. The quality of education, level of public services, and access to employment are determined by the location of one's residence. But more than this the social and psychological issues surrounding residence have important ramifications for the society at large. American society places

high value on the location and quality of one's housing. Self image is defined by one's surroundings.

Housing is more than a physical shelter. Where a person lives bespeaks his social status, which broadly, he shares with others who occupy the same neighborhood ...To be a neighbor is more symbolic of equal status than to be co-worker, or fellow organization member. It follows from this to be denied the status of neighbor is to perpetuate a caste system.⁴

Racial segregation in residency distorts the way individuals (especially children) view and value themselves and thus, in aggregation the way society responds to particular groups. It fosters a belief in differentials along the lines of race and keeps individuals from learning or experiencing the contrary. Housing patterns impact the quality of individual's lives and the functioning of society at large, acting to reinforce divisive conceptions. Lack of interaction among the races fosters a racism built upon ignorance and fear.

Racial segregation is a product of the historical practices of the actors in the housing market. The government's regulation and approach to urban renewal and suburban development, the codes of behavior of realtors and lenders, and the acts of racism by individuals, have left the legacy of racially segregated living areas. Four dynamic forces identified as the perpetuating factors of the historically defined pattern are: discrimination, informational constraints, economic barriers, and household preferences.⁵ These forces feed upon each other presenting a confusing picture of causality and blurring their distinctions. This grouping does, however, provide a systematic way to cover the range of factors contributing to racial segregation.

Discrimination on the basis of race is part of the tradition of real estate. The practices of "steering", "block busting", and avoidance

are examples. Discrimination in the field goes beyond accepted behavior. Up to 1950 the National Association of Realtors required members to pledge to implement discrimination in the housing market.⁶ Although these more overt means of discriminating have lessened due to legal action, discrimination persists in real estate marketing. The forms it takes are more subtle:

Minorities in the rental market may be told falsely that no vacancies exist when they do, or that apartments are being "repaired" and thus not available. They may be quoted higher prices than whites or subjected to more strict credit or application requirements or delayed responses on the pretext of "credit checks". Minorities may be evicted more readily than whites, minorities may be steered to minority neighborhoods, encounter especially unattractive settlement terms, find little or no assistance in obtaining financing or may not obtain cooperation in securing inspections for mechanical or structural defects."⁷

A recent HUD study estimated discrimination in the form of presenting different terms of housing availability to be 27%. That is, 27% of the time a black person will be made aware of less housing opportunities than a white person who has the same income, education, and family characteristics.⁸ While discrimination often reflects the translation of an individual's prejudice into action, it has been argued that realtors discriminate to maximize their economic interests.⁹ Fear of losing the business of white customers may keep a firm from selling to the first black family in an area. As well, the price differentials which realtors can command from blacks who have few housing choices, are lucrative. Discrimination on the part of realtors, lenders, and landlords stands as the largest barrier to free choice.

Past and present discrimination has formed a dual housing market. Certain areas are known as minority communities or communities open to

minorities and others are exclusively white areas. In the face of institutional racism and established residential patterns, blacks have adopted a rational response of following the "path of least resistance".

Racial self-steering continues. It is neither illegal nor unnatural. Most minority group members will gravitate to areas of least resistance and away from those of greatest resistance. Similarly, nonminorities seek to avoid what they perceive to be problem areas.¹⁰

Thus blacks do not seek out information on housing opportunities in white areas and those marketing real estate make no attempt to cross the color lines. This self-perpetuating nature is the most insidious aspect of the dual housing market.

Economic barriers contribute to racial segregation but are not necessarily distinct from discrimination and informational constraints. "In 1975 the median income of black families was 38% less than the median income of white families."¹¹ The black family's range of housing opportunities is thus more limited than that of a white family. (It is important to recognize income inequality is itself a product of discrimination and segregated living areas which have kept blacks from opportunities available to whites.) Having less to spend on housing blacks' choices are automatically channeled to areas with lower quality housing. Suburbs are not an option simply due to the lack of affordable housing.¹² "Many white suburbanites bought their homes at a time when prices were significantly lower. Today the supply of inexpensive suburban housing is insufficient for even those black purchasers or renters whose income is comparable to that of whites."¹³

The most controversial factor in residential segregation theory is that of the degree of voluntary segregation. The wisdom of the 1960's, founded on surveys,¹⁴ suggested that the majority of blacks would prefer

living in integrated communities over segregated communities. Further analysis sheds doubt on this by asserting those polled may have been associating integrated living with upgraded neighborhoods and thus the preference may not be accurate. Studies correcting for this factor by making the question explicitly one of preference for racial make-up have produced mixed results.¹⁵ Some blacks may very well have a preference for segregated living which arises from a desire to preserve common family, church, and cultural ties "...and may reflect an unwillingness to confront the expected antagonism of the white community."¹⁰ Segregation is embraced by some black political groups because of the perceived benefits of minority groups concentrating political bases and providing a market for minority businesses and entrepreneurs.¹⁷ These groups de-emphasize the fight for integration, concentrating on the right of each citizen to decent shelter. Others frame the question as, "What choice is this (to not live in white areas) when movement to non-traditional areas may still be met with harassment, denial, or overt threats and actions?"¹⁸ Those with this outlook feel the voluntary segregationists (themselves a product of a segregated society) fail to battle injustice. The question of the preference for racial composition of blacks, will not be settled until the market is clear of barriers and real freedom of choice can be realized.

The nature of these forces suggest political, economic, social, and moral rationales for government intervention. As mentioned above, the private system provides monetary rewards to realtors who discriminate and act in a manner to preserve a dual housing market. Also, discrimination is a product of prejudice at the individual level. A prejudice which is best educated through institutional changes. Evidence supports the theory

that "a change in attitude can flow from a change in behavior (even if forced) rather than the other way around -- our institutions change(d) first, then our attitudes change(d)." ¹⁹ There are no existing factors to motivate the alteration of the patterns of discrimination and informational constraints, besides moral imperatives. The government has a clear constitutional responsibility to correct the persisting market imperfections.

Some suggest correcting economic inequality alone could solve the lack of equal opportunity. This is not only impractical, it is insufficient. "Existing empirical evidence tends to invalidate the historical comparisons -- in contrast to other immigrant groups the segregation of blacks has not declined over time, despite significant gains in their relative income." ²⁰ Further, enough is known about "the housing market itself and overt and covert discrimination by private persons and public entities to suggest that to bring about meaningful freedom of choice and equality of opportunity in this market requires specific and vigorous public policies beyond those designed to increase the welfare of minorities and lower income groups." ²¹

The major form of government action to counter discriminatory market forces has been Fair Housing legislation. In 1962 Executive Order 11063 committed the executive branch to the prevention of discrimination in the provision of housing, based on race, creed, color, or national origin. This was strengthened as the civil rights movement surged with Title VI, the Civil Rights Act of 1964. The non-discrimination standard was extended to all programs and activities receiving federal assistance. Recognition of the limitations of simply providing legal recourse (the difficulties of proof, the time consuming nature and expense of

prosecution) and of the need to correct the imbalance of centuries of injustice, influenced the phrasing of the Civil Rights Act of 1968, Title VIII. Title VIII committed the federal government to affirmative actions. Specifically HUD was to "administer its programs and activities relating to housing and urban development in a manner affirmatively to further the policies of fair housing."²² Over the next five years this mandate lead HUD to adopt new and reformulate existing regulation to be affirmative in nature.

The particular vehicle, legacy of the housing market imperfections and government intervention outlined above, which this essay is concerned with is Affirmative Fair Housing Marketing (AFHM). Seen as innovative in 1972,²³ AFHM remains relatively unknown and its potential untapped.

Simply put the regulation stipulates that sponsors of federally assisted housing^{*} complete an AFHM plan with an initial application for assistance.

An affirmative marketing plan includes a program to attract buyers or tenants of all minority groups for the initial sale or rental of the units; a non-discriminatory hiring policy for the sales staff; training of the sales staff on their fair housing marketing obligations; and display's of HUD's fair housing logo."²⁴

The plan establishes a minority occupancy goal for the units, negotiated between the sponsor and HUD. This goal reflects the demographic and economic characteristics of the area in which the development is located.

AFHM is a promotion of integrated living areas. The AFHM plan requires actors in the real estate market to perform in a non-traditional fashion. AFHM aims to prevent discrimination in federally assisted units

* Assistance of any form including mortgage insurance, construction loans, interest subsidies, and rental assistance payments.

by setting occupancy goals and establishing educational programs. AFHM also addresses the dual housing market symptom of lack of information by mandating aggressive marketing outreach. In practice, AFHM is generally a case of marketing suburban units to the urban minority community.

(This is largely a reflection of HUD's "de-concentration" criteria. This criteria is another means of creating integrated, both economically and racially, communities adopted by HUD in 1972. To move away from ghettoizing and isolating blacks and the poor, HUD's proposal evaluation criteria rewards the construction of units in areas of low minority concentration, i.e. suburbs.)

Performance and past evaluations indicate AFHM attempts yield less than adequate results (measured by occupancy percentages and especially with regard to elderly developments) and lack sophistication. This essay explores AFHM from the framework of marketing theory. The particular structuring and tools marketing science applies to exchanges aid analysis of problems within the exchanges. Breaking down information barriers and changing individual's perceptions of a product are marketing problems. Promoting a concept such as integrated living can also be construed as in the realm of marketing. Within AFHM are two atypical marketing exchanges: first, the usual task of peddling a product to a specific target group (in this case suburban real estate to the minority community) with the twist that the task is government regulation of the private sector to achieve a social goal, and is not a purely business exchange; and second ancillary to the regulation, promoting the concept of integrated living to real estate professionals and the larger public. AFHM is distinguished from more traditional marketing problems by its mandated nature and its aim of selling an idea to achieve social change. On the

surface AFHM may appear to be the straightforward exchange of real estate within one target segment. But these distinguishing characteristics make it a part of the infant branch of marketing science known as, "social-marketing". Social marketing is a broad term used to describe analysis of social change issues from a marketing perspective.

A formal marketing approach to the AFHM task can lead to revisions of AFHM practice not likely to arise if AFHM was viewed from a political or social vantage. This essay attempts to apply the marketing approach to AFHM with two goals: to improve the practice of AFHM and to contribute to the field of social marketing.

The opening section familiarizes the reader with the basics of the marketing approach and the integral concepts and techniques currently the state of the art, by presenting a generic concept of marketing. The emerging idea of marketing for social goals is explained and an attempt made to fit AFHM into this framework. The difficulties of adopting marketing theory to a social goal marketing effort are discussed.

A review of the real estate industry's theory of marketing puts AFHM in context. How this theory contrasts with the generic model will be noted. The unique characteristics of the industry and its product, and the ramifications these characteristics have for marketing real estate are examined.

A third section presents AFHM in depth -- the process is outlined, agency roles defined, and typical efforts discussed. The attitudes of the actors involved will be presented. The Boston housing market and the specific AFHM experience of the Massachusetts Housing Finance Agency (MHFA) will be explored.

At this point the essay turns to the key, in terms of marketing theory, to the problem of AFHM, the minority housing consumer. This section will pull together existing knowledge on the housing search procedures of the minority elderly. This data is augmented by the results of a recent survey by the Boston regional planning, the Metropolitan Area Planning Council (MAPC) and by the use of the marketing technique of focus groups.

The next section is an evaluation of the present practices of AFHM techniques. Armed with marketing theory, and the supplementary knowledge from the exploration of social marketing, the nature of the real estate industry, the behavior of the housing consumer, and the effectiveness of particular marketing techniques, an evaluation of AFHM is organized. Several recommendations are developed from this analysis. These recommendations include suggested changes in agency administration, agency monitoring, and housing sponsors' practices.

This essay is seen as a way of bringing about concrete improvements in the practice and results of AFHM. The application of theory combined with knowledge of contextual factors, it is hoped, results in reasonable suggestions of alternative approaches to reach the social goal behind AFHM. The adaptation of refined business sense to an area of social concern may broaden the minds of those working on social issues and further such profitable endeavors.

FOOTNOTES

INTRODUCTION

- 1 Ann B. Schnare, The Persistence of Racial Segregation in Housing (Washington, D.C.: The Urban Institute, 1978), p. 9.
- 2 Ibid., p. 7.
- 3 Ibid., p. 16.
- 4 Franklin D. Wilson, Residential Consumption, Economic Opportunity and Race (New York: Academic Press, 1979), p. 323.
- 5 Schnare, Persistence, p. 19.
- 6 Juliet Saltman, Open Housing: Dynamics of a Social Movement (New York: Praeger Publishers, 1978), p. 323.
- 7 Dudley Onderdonk, "Overcoming the Dual Housing Market Through Affirmative Marketing," Planning and Public Policy, November 1978, p. 59.
- 8 U.S. Department of Housing and Urban Development, Measuring Racial Discrimination in American Housing Market: The Housing Market Practices Survey, 1979, pp. ES-2.
- 9 John Yinger, Economic Incentives Institutions and Racial Discrimination: The Case of Real Estate Brokers (Cambridge, MA: Harvard University, Department of City and Regional Planning, 1978).
- 10 Onderdonk, "Dual Housing Market," p. 2.
- 11 Schnare, Persistence, p. 20.
- 12 U.S. Commission on Civil Rights, Equal Opportunity in Suburbia: A Report of the U.S. Commission on Civil Rights, 1974, p. 7.
- 13 Ibid., p. 4.

- 14 John F. Kain, ed., Race and Poverty (Englewood Cliffs: Prentice Hall, 1969), statistical table.
- 15 Brian J.L. Berry, The Open Housing Question (New York: Ballinger, 1979), p. 44; and Kerry D. Vandell and Bennet Harrison, Racial Transition in Neighborhoods: A Simulation Model Incorporating Institutional Constraints (Cambridge, MA: Joint Center for Urban Studies of MIT and Harvard University, 1976), p. 1.
- 16 Schnare, Persistence, p. 24.
- 17 Ibid., p. 8.
- 18 Saltman, Open Housing, p. 32 .
- 19 David Falk and Herbert M. Franklin, Equal Housing Opportunity: The Unfinished Federal Agenda (Washington, D.C.: The Potomac Institute, Inc., 1976), p. 6; and Saltman, Open Housing, p. 325.
- 20 Schnare, Persistence, p. 20.
- 21 Falk and Franklin, Equal Housing, p. 5.
- 22 Ibid., p. 54.
- 23 U.S. Commission on Civil Rights, The Federal Fair Housing Enforcement Effort (1979) p. 20.
- 24 Falk and Franklin, Equal Housing, p. 55.

CHAPTER ONE

MODERN MARKETING AND THE EMERGING CONCEPT OF SOCIAL MARKETING

Before proceeding it is necessary that the reader become familiar with the basic outlook and tenets of the field of marketing. Marketing has drawn heavily from the fields of psychology, sociology, economics to form a unique framework from which to view the world. This framework has undergone many transformations in the past century. The refinement of marketing techniques, the recent proliferation of journals devoted to marketing research, and the general upsurge of interest in the field, all reflect the establishment of marketing as a science. But long before this technology, marketing as an art flourished. Applications of the approach require both scientific skills and craft.

For most people the term marketing conjures up the picture of a business activity aimed at increasing sales of a product. There are strong negative connotations tied to this image fostered by the narrow and inaccurate media portrayal of marketing activity. Much is to be gained by viewing marketing as a pervasive societal activity not merely a business related evil. The debate surrounding the worth of marketing is presented here so the reader can come to the field with a more objective judgement. Separating the science from its context is an important step in evaluating the field for its merits and possible role in correcting racial discrimination in the housing market.

There are two particular characterizations of the nature of the marketing exchange process which taint the field. One of these views can be summarized:

Marketing as we know it today is mainly an American creation which has developed rapidly as our productive capacity exceeded the immediate needs of society. Once an economy is in the enviable position of being able to produce more goods and services than society demands, the marketing manager comes to the fore to take his role of utilizing and directing this excess productive capacity into the channels the people desire.¹

Marketing from this perspective is directly associated with a society bent on more and more consumption. A society ever refining, creating the unnecessary, is in sharp contrast to subsistent economies.

This view is carried further in another characterization which portrays the marketer as a manipulator of consumers. Added to the concern with overconsumption is the concept that marketing capitalizes on human weakness to promote consumerism. Marketing is cast as a demand-generating activity or simply, brainwashing.

Those who defend and promote marketing counter that these are false perceptions which fail to acknowledge society's debt to marketing. Supporters state marketing fills the important task of delivering the standard of living demanded by people.²

Key to this statement is the word "demanded". Another marketing expert explains, "Marketers do not create needs, needs preexist marketers. Marketers, along with other influentials in the society, influence wants. Human wants are continually shaped and reshaped by social forces and institutions such as churches, schools, corporations, and families."³ Marketing is demand-reactive not demand-generating. The degree of "influencing" that occurs as part of marketing is not unlike the other forces of society and thus there is no reason to single out marketing activities for censuring. These criticisms are in fact criticisms of an economic structure and culture, and should be made distinct from the

formal axioms of marketing science.

The consumer manipulation characterization may have held more validity fifteen years earlier when marketing theory rested on a "product-push" outlook. Organizations during this period concentrated on ways to promote existing products with an eye to increasing sales. This view was replaced as its limitations and weaknesses became apparent. Today marketing is "customer satisfaction engineering."⁴ It starts from the belief that "selling" a good is easiest when the good is wanted. Creating wants is difficult, finding out what is wanted can be more readily accomplished. Organizations are sensitive to the mandates of the market and align their operations with consumer needs, wants and desires within a competitive environment. Vying with each other for the consumer's patronage, business organizations have sought better ways and advanced the field. Marketing has adopted a consumer sovereignty outlook.

The core concern of marketing is that of producing desired responses in free individuals by the judicious creation and offering of values. The marketer is attempting to get value from the market through offering value to it. The marketer's problem is to create attractive value. Value is completely subjective and exists in the eyes of the beholding market. ⁵

To develop a working definition of a broad marketing concept it is best to consult experts of the field. Philip Kotler, a longtime observer of and participant in marketing activity, is such a figure. Kotler has invested considerable time in developing a generic concept of marketing. His early analysis and more recent work serve as theoretical guideposts for practitioners. While he comes from a strong business background, Kotler was the first to promote the "broadening of the marketing concept." The generic marketing concept can be applied to any

context where an exchange occurs, and revolves around the creation, stimulation, facilitation, and valuing of transactions. There are four basic conditions or axioms that define a marketing situation:

- 1) at least two parties need to be involved,
- 2) each party has something the other values,
- 3) communication and delivery exists between the parties and,
- 4) the parties' response is not fixed, they are free to accept and reject according to their own criteria.⁶

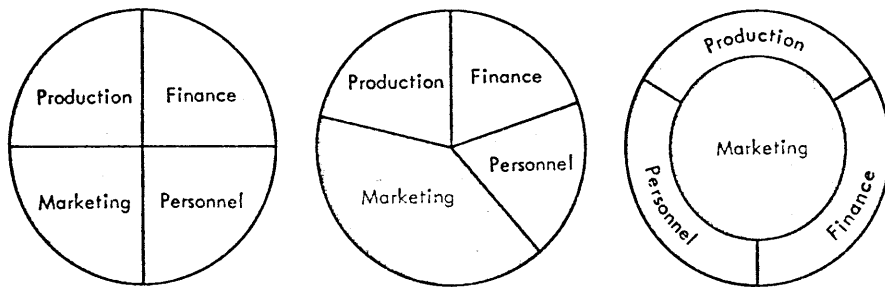
This broader definition presents a marketing concept totally dissimilar to the negative image discussed earlier. Marketing is a science with tools to keep the exchanges within societal operations flowing smoothly. It need neither be restricted to business nor to physical products.

Paralleling the switch of marketing philosophies had been a switch in the theory of marketing's role within organizations. Exhibit One clearly reflects the evolution process that has given rise to marketing's "integrative" or coordinating role. The customer satisfaction framework has several implications for the practice of marketing. The organization's first step becomes ascertaining consumers' wants and desires, what needs aren't being met or aren't being met adequately. The marketer must be skilled at two basic analytical tasks, this market analysis is the first. The marketer must identify the market, its size and location, needs and wants, perceptions and values. Secondly, the marketer must undertake product analysis that determines what products are currently available to the target and how the target feels about each of them.⁷

Simply put: step one determines the consumer needs, step two develops the product to fill this criteria, step three establishes a

EXHIBIT ONE

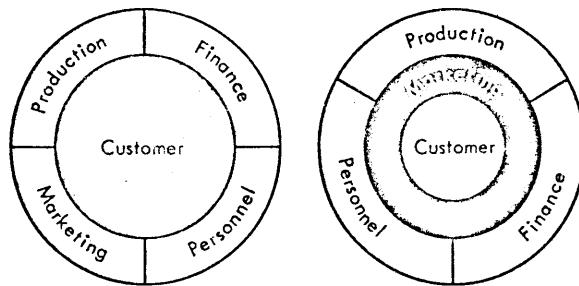
EVOLVING VIEWS OF MARKETING'S ROLE IN THE COMPANY



(a) Marketing as an equal function

(b) Marketing as a more important function

(c) Marketing as the major function



(d) The customer as the controlling function

(e) The customer as the controlling function and marketing as the integrative function

Source: Philip Kotler, Marketing Management: Analysis Planning and Control (Englewood Cliffs: Printice-Hall, Inc., 1980), p. 10.

system of communicating and distributing your product to the target consumers, and step four sets up a feedback mechanism to keep in contact with consumers' satisfaction and changing needs and attitudes. This final step indicates the recursive nature of the marketing process (see Exhibit Two). It is a cycle that centers on the ever-changing consumer.

Kotler notes three basic premises of this framework:

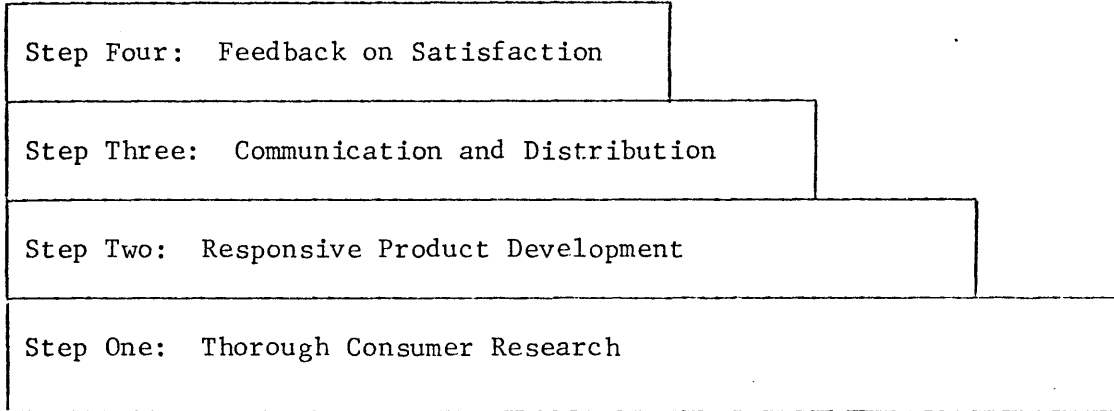
- 1) customers can be grouped into different market segments depending on their needs and wants (there will be some consensus to address, not all individual desires),
- 2) consumers will favor the organization which comes closest to satisfying their needs and wants,
- 3) organizations should research and choose target markets and develop effective offers, and marketing programs as the key to attracting and holding customers.⁸

Marketing has thus become concerned with market research. Data is sought to answer the need-defining questions:

- Who is the market?
- What does the market buy?
- When does the market buy?
- Who is involved in the buying?
- Why does the market buy?
- How does the market buy?⁹

Being responsive to consumer needs and wants in product development and then getting across your product's virtues, requires understanding the complex environment affecting buyer behavior and perception. Consumer research and profiles lead to market segmentation strategies which maximize the organization's success by focusing the data collection and developing a complete picture of the consumer. Methods for gathering

EXHIBIT TWO
STEPS OF THE MARKETING PROCESS



this data are being refined by marketers. Questionnaires, surveys, statistical forecasting models, and focus groups are used by the marketer. Focus group research is often the preliminary tool marketers employ to get a consumer-reading. A small sample of individuals from the target group (about nine) is convened and a discussion generated around the general topic area. A group "leader" is present to direct skillfully the conversation without dominating. From such a session marketers hope to learn about consumers' needs or desires with regard to a particular need; what consumers think of the existing products; and how consumers make and act on decisions regarding their fulfillment of this particular need. The information from such a session does not constitute the definitive answer, rather it gives the marketer a basis for further testing. It may begin a line of thought regarding new products or provide the basis for further more statistically significant research.

After thorough consumer research the marketer must examine the controls available to optimally match consumer needs with a product. Marketing texts speak of manipulating the four P's: product, place, promotion, and price. Exhibit Three outlines the factors involved in each of these areas. Varying these individual components and their combinations is part of the marketing science, and artisanry. Multiple models and theories regarding ways of making these strategic decisions exist, but familiarity with their specifics are not necessary for our purpose.

The distribution and communication of the developed product involves employing "channels" to connect the physical and informational flows between the marketer and the consumer. The choice of channel may greatly impact the sales and costs to the producer-marketer. Channel operators

play an important role -- delivering the product to the consumers. The marketer evaluates channels according to economic, control, and adaptive criteria. Marketers seek an efficient channel that they can impact and which can adapt to changes in production or consumer's desires.

Establishing a system for feedback means monitoring consumer's reactions to the product and marketing approach, and learning from it. This may be done through qualitative or quantitative surveys. This information then becomes part of step one consumer research and aids the design of a responsive product.

Two of the crucial management tasks organizations practicing modern marketing undertake are generic product definition and target group definition. A literal conception of the product reflects a limited perspective of consumers. Organizations must understand at the basic level what need is being met by the product. This provides a clearer picture of the organization's role and a sensitivity to necessary adaptations in how to fill it. Basing your outlook on need fulfilling rather than on a specific product prevents a static product preoccupation in a world of dynamic consumers. One text notes, modern marketing has resulted in a shift from selling the product per se, to selling the function that the product can perform for customers.¹⁰

The organization's product will be a subset of the generic product defined and the target group will be a subset of consumers at large. Since the marketing perspective relies so heavily on the consumer's ways and mandate, the better defined the consumer the easier is the task of the organization.

Modern marketing theory and practice centers on the consumer. Marketers have moved from the isolated development of products and

resultant need to push them on consumers to an understanding of consumers in a responsive development process with a resultant product that sells.

While this is the essence of marketing it need be noted that marketing is used as a more direct influencer. Marketers, such as Kotler, admit that perhaps the short run problem of business firms is to sell people on buying the existing products, but the long run problem is clearly to create that people need.¹¹ Others feel the modern marketing consumer focus has glossed over a basic conflict of interest by assuming that the firm's interests and those of the consumer are identical. They contend the consumer orientation operates under constraints.

The firm's objective is to make money, despite the pleas of many management theorists, that to do so it must render a service demanded by society. Observation and experience simply will not support the service concept of management. There is a limit to how much a firm can spend on satisfying a customer.¹²

No doubt part of this conflict rests on the consumer's lack of realism -- wanting a product without paying the price. But Kotler suggests that the firm that comes closest to satisfying consumers will win their favor (i.e. business). It is necessary to realize that the consumer orientation is subject to a balancing of actors by organizations operating according to modern marketing principles. Marketers themselves tend to stress their consumer orientation to present themselves in a favorable light. While the logic of meeting needs instead of creating demand is persuasive, the organization must do so within an operating framework which may not allow for providing levels of total satisfaction. Kotler and other modern marketing enthusiasts would argue, profits are not incompatible with consumer satisfaction; consumer satisfaction determines profits.

EXHIBIT THREE

ELABORATION OF THE "FOUR P's"

PRODUCT	PLACE	PROMOTION	PRICE
Quality	Channels	Advertising	List price
Features	Coverage	Personal selling	Discounts
Options	Locations	Sales promotion	Allowances
Style	Inventory	Publicity	Payment period
Brand name	Transport		Credit terms
Packaging			
Sizes			
Services			
Warranties			
Returns			

Source: Philip Kotler, Marketing Management: Analysis Planning and Control (Englewood Cliffs: Prentice-Hall, Inc., 1980), p. 89.

A decade ago progressive marketers defined a new branch of marketing, "social marketing", which attempts to broaden marketing's domain by fitting issues of social change into the marketing framework. Social marketing refers to "efforts by organized groups to countermarket undesirable social ideas or practices or to promote desirable social ideas or practices. (It) is the design, implementation and control of programs seeking to increase the acceptability of a social idea, cause or practice in a target group." Properly done social marketing utilizes the traditional marketing tools of market segmentation, consumer research, concept development, communications, facilitation, incentives and exchange theory, to maximize target group response.¹³

Social marketing is then, a hybrid of two perspectives -- that of the marketing viewpoint with its approaches, concepts, models, tools, and concerns, and that of the social viewpoint with its roots in society, groups of human beings, social problems, the poor, declining cities, and that which is 'good for all'.¹⁴ Social marketing is distinct from marketing in its emphasis on change strategies over response strategies -- the product is given, the objective is to change consumers' perceptions of it. Social marketing typically has to deal with the market's core beliefs and values, where as marketing often deals with superficial preferences and opinions. Thus it is sufficiently distinct from business marketing to require fresh thinking and new approaches, while at the same time enough similar to benefit from the consumer orientation and practices of business marketing.¹⁵

The goals of social marketing can be grouped by the type of change the effort seeks to obtain:

Cognitive change: a change in the knowledge or understanding of the target group.

Action change: a change in the action of the target group within a certain period.

Behavioral change: a change in the behavioral pattern of the target group.

Value change: a change in the beliefs and values of the target group.¹⁶

Social marketing efforts may often be countermarketing campaigns, attempting to balance the one-sided presentation of a product or idea (e.g. anti-smoking, or pro-choice). The social marketer may be disseminating information to educate or peddling some incentive to discourage harmful behavior (e.g. "Buckle up for safety" and live longer).

Such efforts are social marketing only if the problem has been approached with the same marketing planning process used by the business marketer.¹⁷ Thorough market research is step one, responsive "product" development follows, then systematization of communication and distribution, and finally establishment of a feedback mechanism. The social marketer also has the four P's at his disposal, to combine into the optimal marketing mix. While these take on unfamiliar appearances, functionally the four P's -- produce, place, promotion, and price -- are like their business counterparts.

It is embracing the complete marketing planning process that a social change campaign is titled, "social marketing." Frequently social change agents who turn to marketing pick and choose tools to adapt without assimilating the complete problem structuring. Advertising is the aspect of marketing social marketers frequently implement singly. Lured by the power of the media, social issue marketers have fallen

victim of a narrow perspective of marketing. Disillusionment with marketing as a whole may result from these limited attempts, which lack consideration of the complete marketing mix and are taken on with a dearth of consumer research. Marketing theorists, alarmed in part by the bad name consequently associated with marketing, encourage those promoting social change to sue the complete marketing process. One remarks with pessimism and concern, "As long as social change agencies are dominated by physicians, lawyers, scientists, law enforcement specialists, social workers and others who feel uncomfortable and unfamiliar with marketing, marketing will not get the prominence it needs to prosper."¹⁸ The decade history of the field (that is "formal" history, there are examples of social marketing predating the coinage of the term) has seen increased interest in social marketing on the part of both marketing theorists and social change agents. Working together the two groups have come to recognize the quality of the fit of the two perspectives, and have developed an understanding of the problem areas particular to the field.

Writing recently on the first ten years of marketing social causes, Kotler quotes William Novelli, a leading social marketing practitioner, "It's a thousand times harder to do social marketing than to do package goods marketing."¹⁹ Novelli, has to date done the most thorough analysis of the problems encountered, applying conventional marketing wisdom to social marketing programs.²⁰ The problems within six basic decision-making areas are explored: market analysis, market segmentation, product strategy development, pricing strategy development, channel and communication strategy development, and evaluation.

Starting with marketing's step one -- market research -- the social marketer will find little data already compiled on the consumers' needs, perceptions, wants, with regard to the social cause. With little existing information much needs to be uncovered before product development begins, but the typical social marketer operates within constraints which prevent effective data gathering. Limited funds, and limited time circumscribe efforts and the often bureaucratic interagency relationships tie up the needed approvals. Novelli notes, social marketers may find consumer research difficult to conduct due to the very nature of their research.

Social marketers also have more difficulty obtaining valid, reliable measures of salient variables. In doing primary data collection, social marketers must ask people questions about topics such as smoking, sickness, sex, and charity -- topics which touch people's most deep-seated fears, anxieties, and values. People tend to be more likely to give inaccurate, self-serving, or socially desirable answers to these types of questions than they are to questions about cake mixes, soft drinks, or cereals. 21

In a final note on the consumer research dilemma of social marketers, Novelli suggests these firms may take a short-cut approach -- misusing qualitative research as a substitute for, rather than a precursor to, more definitive research. 22

This lack of data may make targeting a market segment a near impossible task. Some data on needs, wants, and feelings by population characteristics is necessary to focus the campaign. Marketing practice has revealed a non-focused approach to be comparatively ineffective. The social marketer may not know the significant market segmentation variables and may be pressured by funding sources to reach as wide a group as possible. Segmentation which leads some segments to be ignored is

labeled inconsistent with egalitarian and anti-discriminatory philosophies that pervade many social change organizations, particularly those within government.²³ Social marketers whose cause represents a market segment (e.g. those who don't use seat belts, those who smoke) are taking on the segment least disposed to their message.

Social marketers working on a responsive product development strategy find they don't have the flexibility that exists in product marketing. The "product" may be a specific idea or behavior not a bundle of adjustable physical features and sensory attributes. Novelli wisely suggests, social marketers recognize that although they may be unable to adjust the performance characteristics of their products, they may be able to adjust the perceptual characteristics of their products to achieve significant results.²⁴ The scant information on the market's perceptions may hinder this effort. Social marketers may skip this analysis due to the level of difficulty, and in so doing forego some useful problem structuring that might have led to more innovative ways of conceiving of their product.

When facing the establishment of a pricing strategy, social marketers generally are trying to minimize the consumer's expenditure of time and money. Or, the marketer may try to increase the consumer's valuation of other objects relative to their product and establish incentives (Good health and longer life relative to the costs of not smoking). Few of the social marketer's products have price tags or a competing provider to use as a guide. Consumers must be trained to put valuation on these objects and be convinced of its relative merits without being able to do comparison shopping.²⁵

The distribution and communication of the social marketer's product faces the obstacles of limited funds and limited control. Social marketers may lack control over their channels of distribution and be without incentives to encourage the desired channel operator behavior. Communication of the product is usually in the least costly way and due to the nature of the product may be subject to review and censor. Novelli comments that the form an appeal for a social cause takes is subject to funding organizations and other regulator approvals, who may not want to see a social change organization cheapened by the use of hard-sell, fear, or humor appeals.²⁶ Effective communication efforts require adequate pre-testing, which may be short-cut due to funds or be inaccurate given people's predisposition to give the correct answer to issues related to accepted social mores and behaviors.

These same feelings of giving the "acceptable" response may keep social marketers from getting a realistic assessment of the strategy's potency. Unlike business firms, which may have quantitative objectives stated in terms of profitability, sales, or market shares, social change organizations often have vague goals from which measures of effectiveness are difficult to derive.²⁷ The measure of effectiveness is hampered by the lack of a standard and by the complicated nature of the problems social marketers peddle. A business can be fairly certain their (or their competitors') marketing efforts contributed to the product's purchase. The social marketer cannot be certain the marketing campaign had an influence on the consumer's behavior. The nature of the product is such that many other sources may be simultaneously informing and directing the consumer's choices.

Novelli sums up the situation of social marketing vis a vis business marketing this way, "The two marketing types have much in common and require similar training but each has its own set of values, constraints, and required skills."²⁸

Accompanying the applying of marketing technique to social change issues has been a debate over the dangers perceived by some to be associated with the technology. Kotler noted rather early on that some persons would be heartened because of the many good causes in need of an effective social marketing technology and others would despair over the spectre of mass manipulation.²⁹ Concerns with social marketing center on the issues of manipulation and power. A 1979 survey of practitioners and theorists in related fields (ethics, psychology, and economics) found the following sample of comments:

Although ideas may be communicated more effectively with social marketing, those who have the dollars and power to sue marketing techniques may communicate non-socially beneficial ideas...Social marketing could ultimately operate as a form of thought control by the economically powerful... The question is: What will marketers do to assure that legitimate impoverished minorities have equal access to marketing expertise? ³⁰

Kotler, defender of social marketing as well as marketing, forcefully states against the charge that social marketing is manipulation:

We argue that if a cause is marketed openly with the purpose of influencing someone to change his or her behavior, then the process is not manipulative, any more than is the activity of a lawyer, religious leader or politician trying to convince others. If the social marketer simply makes the strongest possible case in favor of a cause without distorting the facts the approach is not manipulative. Social marketing, especially when used in countermarketing can provide a voice for those without competing points of view... It represents a democratic change technology that is positioned between the extremes of force on the one hand and brainwashing on the other. ³¹

This is the same logic used to counter the critics of marketing's influence. Exactly where along the spectrum, Kotler refers to, social marketing may lie is hard to determine. Settling this question is far second the scope of this analysis and in fact may not yet be possible as the debate is part of a larger one in the behavioral sciences, surrounding the exercise of free will. A few comments drawn from these fields reflect the larger question:

The most vexing problem is that the selective reinforcement of an individual's desires even when these are sharply focused and based on adequate information, can be carried out for someone else's purposes, is it then not an act of volition?... It is essential to distinguish between honesty in the process by which an intervention is carried out and the underlying power relationships operating in the situation, which may in some conscious or unconscious manner direct what appears as free choice. 32

The issue of manipulation and influence may long be unresolved. Marketing and social marketing are criticized for drawbacks not unique to them. It is the blatant manner in which these fields state their goals that makes them a target for scrutiny. Other exchange processes have the same quid pro quid basis, but are not typically conceived of in that fashion. Kotler's references to the behavior of non-marketing actors reflects the larger context of which the influence debate is part and suggests it is basic to a society where freedom of speech is valued. The second fear raised, that of the potential for the technology to be abused, is dependent on structures external to the marketing technology. Whether one wishes to set controls on the development of social marketing depends on one's opinion regarding the question of whether the technology is independent of the uses for which it is employed. It should be kept in mind that in many instances social marketing is utilized in a capacity

that all could agree as "moral" and "noble". It may then be that control should be set on the use of technology. A difficult task to be sure, but not without precedents. One example of a public "consensus" censoring the marketing practices of a particular product manufacturer is the case of cigarette producers. This regulation is accepted without debate over who has established the guidelines -- the existing structure was used. Certainly the issue of who controls a technology is an important one, but again, not unique to marketing and, it may be argued, not justification for blocking refinement of a technology with positive potential. As Kotler points out, social marketing is needed today to balance existing forces.

Social change strategies traditionally have relied on other mechanisms to implement reforms. A mistrust (and misunderstanding) of business, and the ease of availing of other means has resulted in economic, legal, technological, and informational strategies. The Marketing perspective adds another means of approaching problems that builds on these other forms. It is a more dynamic and comprehensive way of envisioning the problem and the path to change.

In 1972, amidst the climate of social fervor, HUD implemented the legislative reform AFHM. Examination of AFHM reveals it to be a type of social marketing. While it is most accurately characterized as a legislative approach to social change, the mandate directs marketing practices. At some levels AFHM defies the label of "social marketing" and falls into a grey zone between marketing and social marketing as they are presently defined.

Two levels of exchange can be identified within AFHM. One of these fits the social marketing model, but is not practiced as such. HUD

(the marketer) is endorsing and promoting the concept of integrated living (the product) to real estate professionals and the larger public (the consumers). Society, and thus each of its members, reaps the benefits of understanding among people and the existence of equal opportunity for all citizens, that follow from integrated living areas. The federal government has defined integrated living as a social good and adopted a social change strategy to achieve this aim which is largely legislative. It connotes social marketing because it legislates marketing activity. The social marketing effort is realized by regulating a more traditional product/consumer exchange. Housing sponsors act as subcontractors to the federal government's larger effort at social change when they undertake the task of marketing residences in the minority community. This marketing exchange in isolation appears to be typical. Yet it is undertaken only as part of the larger effort and at the mandate of HUD, indicating it might not occur otherwise. At this level AFHM appears as a marketing effort done for the social good and not the marketing of a social cause directly. The legislative link establishes the connection between the cause and the marketing exchange which puts AFHM in the realm of social marketing. While this distinction is important, this essay will generally refer to AFHM as social marketing. This analysis concentrates at the later level of exchange but with an acknowledgement of the larger framework. It seeks to improve the practice of AFHM (how well housing sponsors market to the minority community) but insofar as the implementation of AFHM is affected by the larger exchange and social cause, that level is also discussed.

In referring to the brief outline of social marketing presented above, a further dissimilarity and similarities arise between AFHM and

social marketing. Since the government does not directly undertake the marketing effort, Novelli's pessimism for social marketing does not apply. The federal government relies on the practitioners of real estate marketing to implement the program rather than undertake it itself. The failure of AFHM cannot be blamed on the public sector actors' perception and performance of marketing.

Like other social marketing efforts AFHM takes on the core beliefs and values of individuals. Racism is a culturally sustained value structure. Combatting this force is a challenge for marketing technologies, which usually deal with less intractable outlooks. AFHM follows the social marketing mould in that it emphasizes a "change" strategy over a "response" strategy. The "product" is set, marketers must concentrate on ways to alter people's perceptions of the product, rather than adjust the product to prevailing opinions. The consumer orientation of the marketing discipline can aid the definition of an effective change strategy. AFHM seeks changes in behavior as well as value changes. It is the fact that housing sponsors and minorities act in manners incongruent with the government's goals which brought about the establishment of AFHM. Discriminatory rental and selling practices and the maintenance of dual housing markets through voluntary and involuntary racial steering are the focus of the change effort.

The elements of the marketing mix for AFHM can be roughly translated as:

Product: directly the product is the housing constructed by the housing sponsor, but in a larger sense the product is integrated living areas.

Place: the first link of the channel is the real estate professionals, followed by the sources they select to communicate the existence of their housing; this may include: church groups, social service agencies, and other institutions of the minority community.

Promotion: real estate properties traditionally are primarily promoted through the printed media, while real estate firms use a wide spectrum of public relation efforts and other media forms to promote themselves (e.g. sponsoring Little League teams, logoed shopping bags, and Sunday afternoon "Open Houses.")

Price: in seeking to gain acceptance of integrated living and fair housing practices the marketers can affect price issues by establishing the relative merits of an open society. The marketer needs to have consumers attach value to the belief structure. Also part of the pricing of this product is minimizing the costs to those individuals moving into the housing.

How housing sponsors do and can use these elements of the marketing mix and the marketing process are the subject of the latter part of this analysis. The earlier characterization of social marketing efforts as narrow and limited adoptions of the marketing framework, fits the practice of AFHM. Generally AFHM has been an advertising and promotion centered marketing effort. This is discussed more fully in the later analysis. Also explored are the six problem areas of social marketing defined by Novelli, which are valid for the practice of AFHM (consumer research, market segmentation, responsive product strategy, pricing strategy, channel control and assessment).

Those factors which most distinguish the efforts of social change agencies from those of business are limited funds and limited controls.

Novelli's work repeatedly recognizes that these two constraints make the social marketing effort more difficult than business marketing. In the case of AFHM expenditures for research, analysis, and assessments are tax dollars. If the housing sponsor spends money on such steps a larger subsidy is necessary. If HUD undertakes the functions a larger budget allocation must be provided and justified. The marketing effort suffers from the lack of sufficient funding due to the funding source. The question of channel control is an interesting one with regard to AFHM. The first link is from HUD to housing sponsors. HUD does have penalties to use in instances of non-compliance but first non-compliance must be proven and second no precedent exists for implementing the penalties. It is political influence and the bureaucracy which make the control minimal. The penalty -- suspension from further government contracts -- disrupts lucrative business and thus negotiation and power are involved. The real estate professionals in turn rely on social service agencies as a channel of communication and distribution. The power relationships and incentives between these two groups are not clear cut.

In many respects then, AFHM embodies the characteristics of social marketing formulated by theorists. It fits the description of social marketing as an effort aimed at changing core beliefs, which is hindered by limited funds and controls, and falls victim to a narrow view of marketing. Yet this legislative fair housing vehicle represents a unique social marketing structuring. This brief exploration of marketing sheds light on social marketing which in turn will aid the later analysis of AFHM practice.

FOOTNOTES

CHAPTER ONE

- 1 Richard H. Buskirk, Principles of Marketing (Hinsdale: Dryden Press, 1975), p. 13.
- 2 Ibid., p. 10.
- 3 Philip Kotler, Marketing Management: Analysis Planning and Control (Englewood Cliffs: Prentice-Hall, Inc., 1980), p. 19.
- 4 Philip Kotler and Sidney J. Levy, "Broadening the Concept of Marketing," Journal of Marketing 33 (January 1969), p. 10.
- 5 Philip Kotler, "A Generic Concept of Marketing," Journal of Marketing 36 (April 1972), p. 50.
- 6 Ibid., p. 49.
- 7 Ibid., p. 52.
- 8 Kotler, Marketing Management, p. 31.
- 9 Ibid., p. 131.
- 10 Edward W. Cundiff, Richard R. Still, and Norman A.P. Goroni, Fundamentals of Modern Marketing (Englewood Cliffs: Prentice-Hall, Inc., 1980), p. 11.
- 11 Kotler, "A Generic Concept," p. 50.
- 12 Buskirk, Principles, p. 21.
- 13 Karen A. Fox and Philip Kotler, "The Marketing of Social Causes: The First Ten Years," Journal of Marketing 44 (Fall 1980), p. 26; and Kotler, Marketing Management, p. 687.
- 14 William Lazer and Eugene J. Kelly, Social Marketing: Perceptions and Viewpoints (Homewood: Richard D. Irwing, 1973), p. 47.

- 15 Lazer and Kelly, Social Marketing, p. 68; and Kotler, Marketing Management, p. 687.
- 16 Kotler, Marketing Management, p. 687.
- 17 Ibid., p. 689.
- 18 Michael P. Mokwa and Steven E. Permut, eds., Government Marketing: Theory and Practice (New York: Praeger Publishers, 1981), p. 77.
- 19 Fox and Kotler, "The Marketing," p. 31.
- 20 Mokwa and Permut, Government Marketing, p. 69.
- 21 Ibid., p. 71.
- 22 Ibid., p. 72.
- 23 Ibid.
- 24 Ibid., p. 73.
- 25 Michael L. Rothschild, "Marketing Communications in Nonbusiness Situations or Why It's So Hard to Sell Brotherhood Like Soap," Journal of Marketing 43 (Spring 1979), p. 12.
- 26 Mokwa and Permut, Government Marketing, p. 76.
- 27 Ibid., p. 77.
- 28 Ibid., p. 78.
- 29 Lazer and Kelly, Social Marketing, p. 53.
- 30 Ibid., pp. 31-32.
- 31 Fox and Kotler, "The Marketing," p. 30; and Kotler, Marketing Management, p. 688.
- 32 Gerald Zaltman, Processes and Phenomena of Social Change (New York: John Wiley & Sons, 1973), p. 413.

CHAPTER TWO

HOUSING AS A PRODUCT AND MARKETING IN THE REAL ESTATE INDUSTRY

AFHM operates within the context of the real estate industry. This chapter seeks to draw from the earlier presentation of the framework of marketing and particulars of social marketing to further illuminate the issues surrounding AFHM. The unique aspects of the product are explored and conclusions drawn regarding how the product characteristics influence the marketing process. As well the prevailing theory of market real estate is reviewed. How well a housing sponsor undertakes AFHM depends to a large degree on the other marketing experience of the sponsor. This section relies on trade journals and publications, supplemented by interviews with Boston area real estate marketing practitioners. The sources are of a how-to nature for the most part written and read by practitioners. The view presented is then, really a self-image not an academic analysis or account of actual practice. The sources were chosen as representative of the industry, but the resulting conclusions are none the less, generalizations. For the purpose of evaluating the implementation of AFHM, the industry's own marketing theory is useful.

Throughout this chapter the real estate industry is conceived as consisting of two distinct but related marketing exchanges. The dominant exchange is that of brokers acting to match buyers/renters were sellers/renters, in the "re-sale" market. Approximately 85% of sales are of a resale nature. The other 15% consists of new construction activity where

the exchange involves the initial development of the product. Even though AFHM falls primarily in the later group, both cases are explored since: a) AFHM is more than a one-shot attempt at meeting occupancy goals, the contract runs for the life of the project and thus may at some point in time resemble the "broker" case; b) most of the literature centers on the first, more traditional real estate exchange, indicating the broker attitude permeates the larger industry; and c) the literature is easily adapted to new construction cases.

When a home is bought or apartment rented, money is exchanged for more than the physical entity of the housing. Economists seeking to compare housing quality have recognized this and attempted to define a measure of the housing product. This measure considers housing as a bundle of services and attributes.

In buying housing services, households jointly purchase a wide variety of services at a particular location. These include a certain number of square feet of living space, a number of different kinds of rooms, a particular structure type, an address, accessibility to employment, a neighborhood environment of public and quasi public services including schools, garbage collection and police protection. ²

Factors external to physical features and beyond the control of the seller/producer are an integral part of the product. The immobile character of housing sets it apart as a unique consumer good. This geographic anchor makes housing a heterogeneous product. Identical physical structures necessarily differ in location. Each housing situation is in itself a unique combination of physical and geographic attributes. These combinations must match the life-style of those to dwell in the residence. ³ A housing purchase is actually a statement of how one chooses to live. The bundle of services considered must respond

to the family make-up, recreational preferences, and employment type. Earlier discussion explored the notion of housing as identity and status. Housing translates a lifestyle and identity statement both through physical form and geographic location.

Several other features of the housing product are uncommon and significant. These concern the nature and process of housing purchase behavior. For most individuals housing represents one of the largest purchase decisions of their lifetime. An accepted standard computes that a quarter of annual household income is allotted to purchasing housing services. In the case of home buying the sum involved is so great as to necessitate a financier. Few other consumer purchases involve such a sizable financial commitment and outside financing parties. This fiscal distinction makes housing purchases relatively complicated financially and legally. While economic trends impact all purchases, the housing exchange is especially hard hit by fluctuations in the economy. Housing producers, sellers, and buyers directly and immediately feel the effects of the swings of recession and inflation. Since such a large amount of financing is involved, the industry must be concerned with these supply and demand shaping trends.

American society is a non-transient one, where housing decisions are made infrequently. Consumer goods are more commonly purchased daily, weekly or semi-monthly. Homebuyers and renters (a lease represents a long term contract) make the housing purchase decision, at the most frequently, once a year and generally much less often. This reflects the durable and adaptable character of the product. The lifetime of housing may be as much as 100 years, and alterations can be made to accommodate changing needs and desires. Given these characteristics

of housing it is not surprising that the majority of housing purchasers are of a re-sale nature. Existing bundles of attributes and services are passed on to new buyers while only minor augmentation of the stock occurs. Another aspect of the housing exchange process, becoming of increasing importance, revolves around purchaser motivations. In times of inflation real estate has proven a lucrative investment. Many home buyers now approach the purchase of housing services as an investment decision. This adds further considerations beyond lifestyle issues to the assessment of housing choices.

In sum, these features indicate the exchange of money for housing services is a process approached judiciously. It is an infrequent purchase, with major ramifications for every aspect of living, which involves high financial and emotional transaction costs. The process is not a purely rational one; many of the factors are judged on an emotional and subjective taste basis.⁴

These product features have several implications for the marketing of the good. The approach adopted by the initial developers of the housing opportunities and those brokering re-sale of the product, is shaped and constrained by the uncommon product characteristics. The product scope extends beyond the physical structure to the site and its attributes to present adequately the product to consumers.

As with all marketing, and of special significance for real estate transactions, is the the necessity for the marketer to know the consumer. Given that the housing decision is one of lifestyle and that each bundle is unique, the real estate matching process occurs at a finer level of detail than other consumer purchases. The marketer must know about many aspects of the consumer's life and consider the consumer's

emotional responses. Since the decision is such a major one for the consumer, the marketer should recognize and respect the length of time and amount of consideration needed to make the decision.

The infrequent nature of the purchase and its complicated financing and legal issues creates a need for consumer education. The marketer may find education of the public as to his services and the details of the product exchange to be a constant and necessary part of the marketing process. Consumers will absorb the information only when they are immediately involved in the decision process. The marketer must educate and receive delayed returns from his education and advertising. The consumer may store the information until facing the decision, and then recall the marketer's message. The marketer then, must be constantly repeating the message to establish this recall and reach those in the midst of making housing decisions.

New construction projects engage in a more typical responsive product development process than resale exchanges. For agents of resale the physical product is fixed and the exchange that occurs is one of a broker marketing his services to those looking to buy, sell, or rent. The realtor is marketing his services of matching people's housing needs with a good of the closest fit. Brokers are removed from the actual production of the housing. The realtor must provide a responsive service arrangement competitive with the many other area realtors.

To repeat from earlier, the specific marketing approach of the real estate industry presented here is garnered from a combination of interviews with practitioners and publications of such trade organizations as: National Association of Realtors and Associated Building Industry. It is not meant to be representative of the practice of real estate

marketing. Rather, the approach outlined is the one industry practitioner's promote and by virtue of the media vehicles used it is reasonable to assume, one the industry at large has been exposed to.

Comments by industry analysts portray the industry as slow to change and just recently coming around to implementing marketing in a full role.⁵ An increased business tempo, intensified competitive environment, and infiltration of the refined marketing science have impacted the industry's approach to marketing. The sources consulted are cognizant of the marketing framework, but emphasize particular aspects of the process and marketing mix at the expense of the total approach. The industry operates with a familiarity of the marketing approach shaped by custom and specifically adapted to marketing the housing bundle and broker services. Similarities and dissimilarities exist between the approach and the marketing theory presented earlier.

The leading writers of the field begin by establishing the value of the marketing approach in meeting the company's objectives of customer satisfaction and the resulting profitability. The literature supports the idea that marketing is effective only when it is given a central integrative function and thus where each activity is thought of as part of the overall marketing approach.⁶ The earlier section on marketing discussed two initial tasks of management: generic product development and targeting strategies. Such groups as, "The Singles", "The Empty Nesters", or "The Single Parent Family", have attracted attention. The particular needs and demographic characteristics of these market segments are documented. Real estate practitioners are advised by analysts and other successful marketers to segment the market, to view the consumers of housing as groups bonded by common interests who can be reached by a

common appeal.¹⁰ Realtors may focus efforts on a segment such as corporate transferees, and developers, for example, may cater to the childless young professional couple. Targeting marketing efforts is very much a part of the real estate industry's vocabulary and practice. Interesting to note are the primary factors used to segment the market: class and age.¹¹

Exhibit Two of Chapter One illustrates the four steps of the marketing practice. A literature review reveals real estate practitioners are schooled in this approach but not in a pure form. Authors have made adaptations of the steps in the marketing process and elements of the marketing mix, to the real estate industry's milieu.

Consumer research receives constant reinforcement as a necessary prerequisite to successful marketing in real estate. Articles such as, "Marketing Research and the Small Company", or "Uncover Information: Solve Problems with Market Research" are representative of the endorsement Real Estate Today bestows on thorough consumer research. Subscribers read in the words of practitioners how the expenditures on research pay off:

Although many of the changes and programs we implemented (as a result of our marketing research) might have been done without prior market research, it would have been like throwing money into the wind and hoping some would eventually blow back...It was difficult to advertise effectively when we didn't know enough about our buyers. We couldn't choose the most cost-effective media (in terms of quality leads generated) because we didn't know which publications were generating the most qualified prospects..."¹²

The "bible" of the industry, The Real Estate Sales Handbook, and a more recent publication, Marketing Professional Services in Real Estate, both emphasize understanding and analyzing the market as the first step for all

practitioners. The authors attempt to dissuade reliance on intuition and experience, advising hard facts combined with a sense of the market will lead to an efficient practice.¹³

Given the imbalance of demand and supply in the field, this consumer orientation may seem an abnormality. Demand exceeds supply in every segment of the housing market.¹⁴ The maintenance of a consumer focus is curious since it might be expected any housing developed would be saleable. Two factors account for this: the highly competitive environment and the import of the housing decision. The relative ease of establishing a real estate brokerage office has resulted in an abundance of agents. In order to attract business, firms have become great innovators and focussed their appeals on profitable segments.¹⁵ Agents have been forced to seek out information on their clientele, if only to compete with other agents who are implementing the marketing approach to the problem. Given that the location and configuration of one's residence determine's one's lifestyle, it is not surprising that consumers take the choice seriously. Housing plays too important a role in life for consumers to accept an unsuitable product.¹⁶ Rather than expend time and energy in moves of a temporary nature (accepting bundles less than ideal) consumers remain in their existing situations.

Marketing research by the industry aims to gather two levels of information. Developers tend to be interested in aggregated figures which describe the size of a potential market segment and provides detail on the market's income, occupation, age, unit composition and buying habits. Brokers and sales agents need a more exact level of information. While the general market profiles can be of use to broker's efforts, the final sale or rental rests on consumer research

at the individual level. Most successful realty firms have found it beneficial to conduct routinely informal data gathering sessions with consumers. (Hobbies, religion, medical needs, educational interests, and sport activities are examples of topics covered in such a session.¹⁷) Sales agents are encouraged to interact with the consumer and surface data on current lifestyle and interests which can serve to fine tune the search process. Stress is put on the quality of the personal interaction between the agent and the consumer. Those writing in the field suggest the better the realtor knows his consumer, the better he can serve them.¹⁸

The industry utilizes a wide variety of research forms to obtain the data outlined above. Secondary sources consulted for aggregate data may include: census bureau figures, studies by other levels of government, analysis by regional real estate boards, or the regional Federal Home Loan Bank Board, and local real estate exchange recorders such as the Boston area's Bankers and Tradesmen.¹⁹ Primary sources for more detailed facts are the typical research tools of telephone surveys or direct mail questionnaires, supplemented by data in the firm file. A clear indication of how marketing technology has penetrated the industry comes from the endorsement of focus group research. Focus groups are promoted as a means of getting an initial reading of consumer's attitudes about the firm, obtaining indicators of amenities consumers desire, and also as a vehicle for improving the firm's internal functioning. Although there is little to suggest the industry has adopted this research form, practitioners have been exposed to it.²⁰

While the files of realtors provide many details on the consumers in the market, they must be recognized as a limited source of data. The

group may not be representative of the total potential market. Rather the data establishes the profile of the firms' present customers. This may aid the design of appeals to the segment already dealing with the firm but it tells nothing about the rest of the market yet untapped by the firm.²¹ Market research must be directed to the general audience. Realtors have traditionally employed the following contacts as vehicles for obtaining names of potential consumers to survey:

- Past clients
- Neighbors of past clients
- Door to door salesmen
- Company personnel offices
- Ministers
- Commercial mailing list services
- General directories (such as The Polk, reverse telephone books)

The industry is a people-oriented one. An old adage suggests realtors meet twenty new people (potential contacts) each month.²²

The quantity and quality of market research undertaken by real estate marketers is a function of performance, which operates within the constraints of budget and time. Practitioners who are enjoying success are less likely to see a need for detailed research. The level of business is taken as an indicator of adequate market knowledge. The literature suggests such marketers may be missing expanded opportunities and be in danger when a shift occurs. In the more research-oriented firms in house analysts generally prepare the study and documentation of market characteristics. A budget guide appearing in Real Estate Today suggests 25% of the company dollar be allotted to marketing activities, 5% for research, 20% for advertising and promotion.²³ The level of

research undertaken is directly correlated with the level competitors implement.²⁴

The collection of data produced by the market research is consequently fed into the product development phase. A developer who finds \$125,000 single family homes with attached garages selling in an area of expanding job opportunities, will construct housing for consumers in this segment. Examples of non-responsive or inadequately researched products that have failed exist. Brokers must also adapt their product (i.e. services) to what market research indicates are needed and desired by the market. An illustration of this is given by writers who relate that research on housing choice reveals buyers weigh neighborhood characteristics before considering particular residences. Realtor response, these writers suggest, should be in depth familiarity with the property's environs.²⁵ The industry's practitioners and analysts who advocate thorough consumer research obviously hold to the principle that the data produced become an integral part of the formation of the product. Members of the industry maintain consumers do not buy products that don't meet their needs. The fact that realtors thrive attests to a responsive product development marketing step.²⁶

Following the marketing process outlined earlier, step three consists of communication and distribution of the product. The real estate industry's literature reflects a preoccupation with this part of marketing methodology. Articles on advertising, promotion, and public relations dominate the industry publications. (In fact, the industry could benefit from a more balanced treatment of the four steps in the marketing process.)

Advertising consists of the purchase of time, or space with a communication vehicle to deliver a persuasive message. It seeks to accomplish two tasks: inform and reinforce information, and generate action. In real estate marketing two types of advertising appear in various forms. The most familiar type is "product" ads. These are listings of specific property descriptions. The other form is known as "institutional". Here the firm, not a property, is promoted as a means of generating business and establishing name recognition. Institutional ads serve to introduce the firm's logo and motto. ("Product" ads often fulfill the same purposes as institutional ads. In only 5% of the cases do people buy the product they inquire about. But the inquiry may result in the sale of another of the firm's listings.²⁷

The ubiquitous "For Sale" and "Sold By" signs in front of listed properties represent one of the industry's primary forms of advertising. Other visible forms include billboards and model units. Billboards are used by larger firms which can afford the price (ranging from \$500 to \$2000 per month) to project a company image. Model units are restricted to new construction projects and represent a budget outlay of approximately \$400 per month.²⁸ Analysts portray the model units as an important means of stimulating interest and filling the conceptual gap of what residing in the unit could be like.

Written advertising takes the form of classifieds, displays, and direct mailings. Tradition dictates the use of newspaper classified sections, and has spawned the Sunday real estate sections. Marketers and consumers alike use this as a starting point. A standard format exists for packaging the data and classified ads written in 1884 could pass for today's.²⁹ (A reason for the industry to consider reevaluation

of technique given the changes in society in the past 100 years.) Display advertising refers to the larger spread a broker may run in a newspaper or magazine often consisting of photographs of listings with short descriptive caption. Direct mailings may include copies of display advertisements or a data sheet on a property believed to be of interest to a particular audience (such as the sale of a neighboring property).

Infrequently the industry employs radio and television spots for advertising. A lack of familiarity has been a stumbling block for exploration of the potential of these media forms.³⁰ The field's literature covers these forms but caveats that an "expert" be consulted before using them, and that adequate research be done to assure an appropriate choice has been made. The greater expense of radio and television, relative to classifieds and signs, and their wider audiences indicate they are suitable for larger firms aiming for regional exposure.

Industry analysts outline the following as the important variables to consider in making media use decisions:

- Circulation of publication
- Frequency of publication
- Frequency of advertisement
- Audience/readership
- Cost/return ratio.

The chart reprinted here from Marketing Professional Services in Real Estate, details the various factors the marketer must weigh in selecting a media form.³¹ (See Exhibit Four)

Other vehicles implemented by real estate marketers as part of communication and distribution of their product, fall into the categories of promotion, public relations and publicity. The goals of such devices are similar and one activity may fall into more than one category. In

EXHIBIT FOUR
THE ART OF MEDIA SELECTION

	Audience	Cost	Best Use	Disadvantages
<i>Metropolitan Newspapers</i>	Perhaps 70% of all adults read a daily newspaper	Except for classified, cost can be high, depending on space, size and circulation	Substantial coverage; good audience identification	Expensive, non-selective audience (except classified)
<i>Suburban Newspapers</i>	Mostly suburban housewives, but large residential readership	Relatively inexpensive	Selective coverage	Inexpensive, geographically defined audience, but uneven readership
<i>Local Radio</i>	Perhaps 75% of all adults listen to adult stations	Inexpensive per station; more expensive for large market	Each station keyed to identifiable market	Limited by quality of programming; often too many commercials
<i>Local Television</i>	Reaches a mass audience	Most expensive	Exposure; visualization	Expensive, in view of non-selective audience
<i>Outdoor</i>	Highly visible to a mobile audience	Moderately expensive, depending on showing	Persistent awareness	Limited message
<i>City and Local Magazines</i>	Usually upper income	Relatively expensive, depending on city	Reaching upper-income audience with high-price properties	Some markets better than others
<i>Direct Mail</i>	Best targeted audience, depending on lists	Relatively inexpensive, but with high return on investment	Targeted marketing of specific message	Cost of production and mailing

Source: Bruce W. Marcus, *Marketing Professional Services in Real Estate* (Chicago: National Association of Realtors, 1981), p. 158.

general, activities in these categories are done for four purposes:

- To keep the name of the firm in the public's view, gain recall,
- To build good feelings towards the firm,
- To express sincere concern with the community and,
- To inform the public about the firm's activities.

Promotions involve some sort of voluntary contribution of money, time, space or miscellaneous items crediting the promoter. Public relations refers to all interaction between the firm and the public and thus is a larger term inclusive of promotions and publicity and other occurrences at the firm/public interface. Publicity is unique in that it involves a third party. Advertising, promotion, and public relations fall under the firm's control. Publicity consists of a news reporter translating actions taken or data gathered by the firm into a news item. The industry accentuates these three areas. The following list compiled from Real Estate Today articles, personal observation, and association publications reveals the flavor of promotion, public relations and publicity in the real estate business. (See Exhibit Five) The list indicates the amount of time, effort, and creative thinking devoted to these areas.

The step of the marketing process receiving the least attention in the industry's literature, is the establishment of a feedback mechanism. Within the sections on advertising analysts refer to the critical importance of evaluating effectiveness.³¹ However, the industry has failed to broaden this outlook to the larger context and implement evaluation of the firm's overall program in meeting consumer needs. To a large degree this can be attributed to the non-repeat nature of the business. Products which rely on satisfaction to induce repeat purchases emphasize monitoring the consumers' reactions to the marketing program. Real

EXHIBIT FIVE

FORMS OF PROMOTION, PUBLIC RELATIONS, AND PUBLICITY

PROMOTION

- logoed: calendars (75% are used), pens/pencils, frisbees, coffee cups, ice scrapers.
- send Christmas cards.
- donate prizes/premiums to fund raising events.
- run contests/competitions.
- prepare and distribute cookbook.
- give tours of historical areas.
- support Little League teams.
- run buyer's clinic, explaining finance issues.
- loan transportation vehicle out -- van for paper drive, car during off hours.
- window space for advertising.
- use of office space, conference rooms, telephones to non-profit groups.

PUBLIC RELATIONS

- prepare and distribute newsletter on real estate trends.
- prepare and distribute real estate tax data sheet.
- hold "Open House" with refreshments.
- have float in town parade.
- serve on town committees.

PUBLICITY

- press releases on agent awards, training, office expansions, real estate activity in the community.
- feature stories on firm or individuals.
- appearances on radio talk shows covering economic issues, financing.

Source: Bruce W. Marcus, Marketing Professional Services in Real Estate (Chicago: National Association of Realtors, 1981), p. 175; Interview with practitioners and Andrea B. Larson, "Marketing Magic," Real Estate Today (September 1980), pp. 42-49.

estate marketers do not face the same purchase patterns and emphasize initial business inducements (advertising, promotions, publicity) over the follow up. Some firms have recognized the instrumental role feedback can play in upgrading the firm's marketing program. In these cases a short questionnaire is sent to customers after service asking for the customers' rating of the firm, and comments on their experience.³² Such data once recycled into the process of market research and responsive product development refines the effectiveness of the firm's marketing approach.

Within this marketing approach, the marketing mix elements of product, place, and promotion are covered. The fourth "P", noticeably lacking, is price. One analyst expressed the opinion, "in real estate pricing concepts are different" from other industry contexts and thus not subject to manipulation with the other elements of the marketing mix.³⁴ In the broker exchange of real estate the charge for the service provided takes the form of a percentage of sale commission. The apparent reluctance to include the setting of this figure as part of the marketing process would indicate it is in some way non-negotiable. Debate surrounds this point with those outside the industry characterizing the commission as a set rate not subject to competition and those within the industry maintaining commissions fluctuate within a wide range.³⁵ Price and costs are in some ways a taboo subject in the real estate industry.

Marketing theory translated into practice may take on a different appearance. The real estate industry represents a case in point. Certain traditions and customary modes of operation (e.g. classified, commission fees) exist side by side with more innovative ideas and techniques (e.g. focus group research, promoting the firm with a logoed hot air balloon.)

This presentation indicates the training offered through industry sources, supports a modified adaptation of the marketing approach.

The most notable attributes of the real estate industry's marketing approach which establish its peculiar character are:

- The pivotal role played by the quality and level of personal interaction between marketer/consumer, and the resulting need to interpret each encounter as part of the overall marketing program.
- the need to sustain the marketing effort over a period of time, before seeing results perhaps said best by one author, "marketing is like a hoop. As long as you keep hitting it with a stick it keeps rolling. When you stop hitting it it loses momentum and falls over. You're right back where you started from."³⁶

FOOTNOTES

CHAPTER TWO

- 1 Interview with Tony DiMatteo, Greater Boston Real Estate Board, Boston, MA, 28 April 1982.
- 2 John F. Kain and John M. Quigley, Measuring the Quality and Cost of Housing Services (Cambridge: Harvard University, 1969), p. 1.
- 3 Interview with John G. Sharpe, Lincoln Associates, Inc., Lincoln, MA, 26 March 1982.
- 4 John Crockett, "Competition and Efficiency in Transacting: The Case of Residential Real Estate Brokerage" (Working Paper, Federal Home Loan Bank Board, 1981), p. 4; and Bruce W. Marcus, Marketing Professional Services in Real Estate (Chicago: National Association of Realtors, 1981), p. xv; and Interview with Paula Walters and Frederick C. Saunders, Century 21 Saunders Realty, Boston, MA, 5 April 1982.
- 5 W.C. Andy Anderson, Marketing Research for New Homes and Apartments (Haywood: Associated Building Industry of Northern California, 1971), pp. 2-3; and Alan L. Gaudynski, "Audit Your Company's PR Potential," Real Estate Today, October 1977, p. 5.
- 6 Bruce W. Marcus, "Marketing Real Estate -- A New Perspective," Real Estate Today, April 1981, pp. 60, 63.
- 7 Interview with Sharpe, 26 March 1982.
- 8 Marcus, Professional Services, p. xviii.
- 9 William M. Shenkel, Marketing Real Estate (Englewood Cliffs: Prentice-Hall, Inc. 1980), p. 83.
- 10 Marcus, Professional Services, p. 1; and L. Kristelle Peterson, "The Singles Market," Real Estate Today, April 1981, p. 33-7.
- 11 Interview with Sharpe, 26 March 1982; and telephone conversation with Harry McKrinsky, Lettermen, Inc., Boston, MA, 22 March 1982.

- 12 Valerie R. McCracken, "Market Research and the Small Company," Real Estate Today, October 1980, p. 55; and Judith Schnitz McKenna, "Uncover Information, Solve Problems with Market Research," Real Estate Today, October 1980, p. 47.
- 13 Marcus, Professional Services, pp. 3, 5.
- 14 Telephone conversation with William Roop, McNeil Associates, Boston, MA, 22 March 1982.
- 15 Interview with Sharpe, 26 March 1982.
- 16 Interview with Walters, 5 April 1982.
- 17 Policies of Lincoln Agency.
- 18 Marcus, Professional Services, p. 8; Shenkel, Marketing, pp. 68, 72; Real Estate Sales Handbook (Chicago, IL: National Association of Realtors, 1981), p. 32.
- 19 Marcus, Professional Services, p. 5; telephone conversation with William Roop, 22 March 1982; and telephone conversation with McKrinsky, 22 March 1982.
- 20 Anderson, Marketing Research, p. 7; and Gaudynski, "PR Potential," p. 7.
- 21 McKenna, "Uncover Information," p. 48.
- 22 Shenkel, Marketing, pp. 96, 97.
- 23 Interview with Dolores Nedelka, Foster and Foster Realty Company, Boston, MA, 26 March 1982; interview with Sharpe, 26 March 1982; and telephone conversation with Roop, 22 March 1982; telephone conversation with McKrinsky, 22 March 1982; and McCracken, "Small Company," p. 55.
- 24 Marcus, Professional Services, p. 269.
- 25 Shenkel, Marketing, p. 50.
- 26 Interview with Sharpe, 26 March 1982; and interview with Walters and Saunders, 5 April 1982.

- 27 Interview with Nedelka, 26 March 1982.
- 28 Ibid., and information provided by Ackerley Communications, 3 May 1982.
- 29 Marcus, Professional Services, p. 36.
- 30 Interview with McKrinsky, 22 March 1982.
- 31 Marcus, Professional Services, pp. 157-166, 35-134.
- 32 Ibid., p. 266; and Edward H. Willard, "Measuring the Effectiveness of Advertising," Real Estate Today, October 1980, pp. 42-3.
- 33 McKenna, "Uncover Information," p. 49.
- 34 Marcus, Professional Services, p. 25.
- 35 Interview with Sharpe, 26 March 1982.
- 36 Marcus, Professional Services, pp. 60, 32.

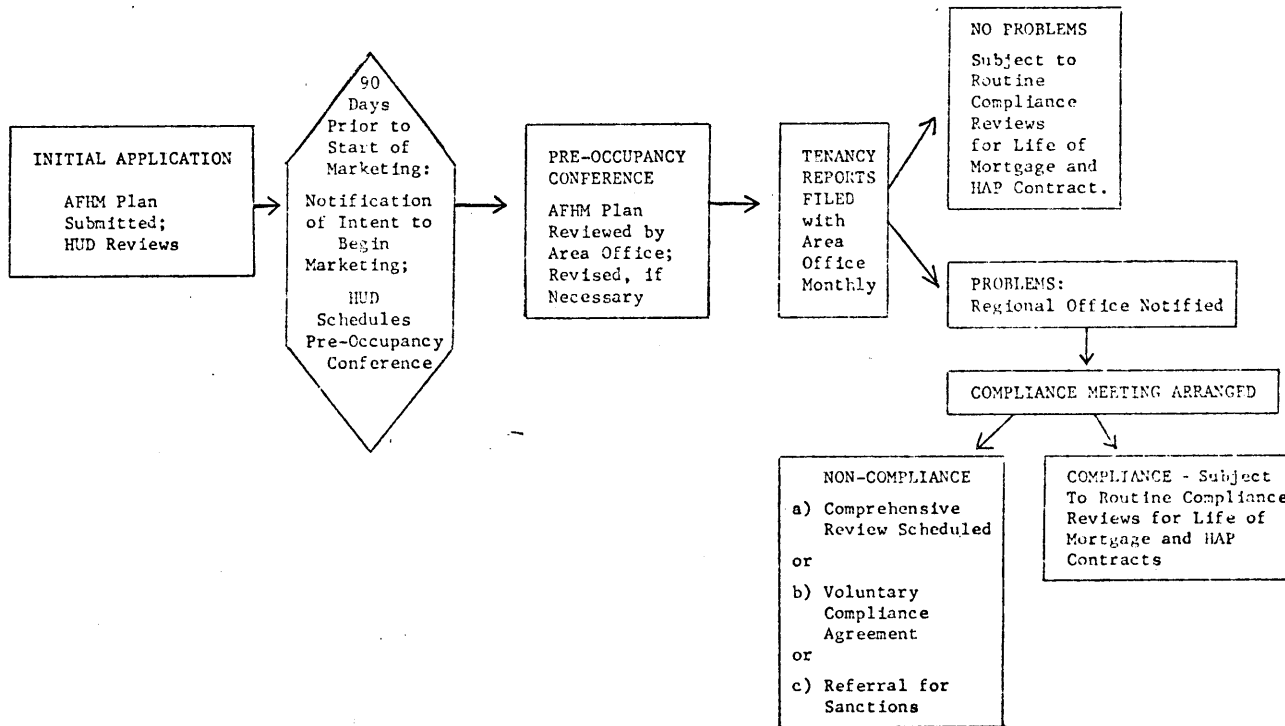
CHAPTER THREE

THE AFFIRMATIVE FAIR HOUSING MARKETING PROCESS

This section details the specifics of the affirmative fair housing process inviting comparison between the legislative and procedural structuring of AFHM and the framework and realities of marketing and real estate marketing. Since the analysis that follows focuses on a particular problem recognized by the state housing finance agency, MHFA, both the HUD and MHFA regulatory procedure is presented. Several issues related to organizational structure and behavior surface as important determinants of the AFHM process. These factors are acknowledged but not discussed in depth. The focus is on the AFHM regulation and practice in contrast with a marketing approach not an institutional analysis viewpoint. A discussion covering agency perceptions of effectiveness and the attitudes of the actors involved concludes the section.

With all initial applications for funding under HUD programs the housing sponsor submits an AFHM plan. This plan (detailed below) may be revised on several later occasions, but generally closely resembles the original intentions. If the proposal is approved construction commences and 90 days prior to the anticipated start of the marketing campaign the sponsor submits a notification to HUD indicating that the project is nearing completion of the construction phase. (See Exhibit Six). Such "Notification of Intent" results in the scheduling of a pre-occupancy conference. The agenda of such a meeting covers the AFHM plan and application processing. The HUD personnel may suggest revisions to

EXHIBIT SIX
HUD AFHM PROCESS



the AFHM plan and the sponsor must incorporate such recommendations. The plan is then activated during the rent-up period. When the tenant selection process is underway, the sponsor (or the management agency hired by the sponsor) institutes the filing of occupancy forms to HUD. These monthly reports indicate the breakdown of the tenancy or applicant pool, by minority classifications and according to regulations, must be submitted for the life of the project.

Occupancy reports are used to monitor projects for potential problems in meeting or maintaining the goals outlined in the AFHM plan. Analysis of the figures supplied leads to a determination of whether or not closer scrutiny is warranted. A project that meets or surpasses its goals remains subject to routine compliance reviews for the life of the mortgage or HAP contracts.* If occupancy forms indicate a failure to meet goals or a pronounced fluctuation in occupancy by minorities, a compliance review is arranged. At a compliance review the sponsor presents materials substantiating the marketing efforts. This may include copies of advertisements, letters to social service agencies, and application statistics. Part of the review includes a site visit by HUD personnel. A twenty point checklist is used to determine the two possible review outcomes: compliance and non-compliance. If the sponsor is found to be following regulations and the approved AFHM plan, but the project is not meeting goals, no sanctions are imposed. HUD views the goals as targets, not absolutes. Projects are in compliance if the sponsor has implemented "a good faith effort." A finding of non-compliance however, results if the sponsor has not lived up to the

* HAP: Housing Assistance Payments, such as Section 8.

contractual arrangements of the AFHM plan. Such a finding leads to three possible actions: scheduling of a more comprehensive compliance review (which in turn may lead to one of the following), the execution of a voluntary compliance agreement, or referral for sanctions.

The voluntary agreement process involves overhauling the AFHM plan and management practices. HUD becomes directly involved in the management activities at the project until the sponsor shows improved performance. The sponsor may be required in the case of a new rent-up to accept more applications in order to get a larger minority pool or in the case of vacancies to keep the unit open until a minority tenant has been identified.

The Assistant Secretary of HUD, Fair Housing and Equal Opportunity division evaluates projects referred for sanctions. A determination is made as to whether or not the sponsor should be barred from further participation in government programs and/or be subject to a legal suit. In the later case, the information on the sponsor's activities is turned over to the Justice Department where a case is prepared establishing violation of fair housing legislation or the AFHM contract. A small percentage of cases reach this point. Most non-compliance projects are subject to voluntary compliance agreements. HUD is more interested in establishing affirmative tenant placement processes than in becoming involved in law suits, as noted in the regulations:

These procedures are intended to establish a cumulative process which provides a setting for timely informal resolution of matters prior to the imposition of sanctions.¹

Government subsidized housing comprises approximately 15% of the new construction activity of the real estate business (and during slow

periods in the private sector make much more -- up to 40%).² These contracts have become an important part of the real estate industry's livelihood. Imposition of a disbarment from government program participation could significantly impact a sponsor's business and perhaps be fatal. The severity of the consequences of disbarment results in sponsors so threatened, reforming their ways or seeking a force of intervention by way of political alliances.

There are five elements to the AFHM plan covered by the form (See Exhibit Seven):

- 1) affirmative program to attract all minority and majority groups, especially those who would not ordinarily apply for the housing being marketed,
- 2) non-discriminatory hiring policy,
- 3) instruction of staff in fair housing legislation
- 4) display of Equal Opportunity posters in sales offices, and
- 5) on site sign with Equal Opportunity message.

The affirmative program as specified on the form includes advertising and community contacts. The sponsor must submit the type of media to be used, the racial breakdown of the media's audience, and a copy of the advertisement. Also requested is a listing of community contacts the sponsor will employ to reach the target group and a check-off of plans for future marketing activities. HUD offices provide the sponsor with a community contact list. The negotiated goal appears broken down by minority group. HUD chooses to disaggregate the overall goal into groups to prevent a sponsor from reaching goals by practicing discrimination against particular minority groups. (For example an overall goal of 10% minority occupancy is broken into 5% black, 3% Hispanic, and 2% Asian

EXHIBIT SEVEN

HUD AFHM FORM

Form Approved
OMB No. 63-R-1532

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AFFIRMATIVE FAIR HOUSING MARKETING PLAN	FOR HUD USE ONLY ASP FILE NUMBER (Insured Home Mortgage Programs)																							
COMPLETE FORM AND SUBMIT TO: FAIR HOUSING AND EQUAL OPPORTUNITY DIRECTOR/SPECIALIST AREA/SERVICE OFFICE																								
1. INTRODUCTION: The Affirmative Fair Housing Marketing Regulations require that each applicant subject to these Regulations carry out an affirmative program to attract prospective buyers or tenants of all minority and non-minority groups to the housing, including Whites (Non-Hispanic) and members of minority groups: Blacks (Non-Hispanic), American Indians/Alaskan Natives, Hispanics or Asian/Pacific Islanders in the Standard Metropolitan Statistical Areas (SMSA) or housing market area who may be subject to housing discrimination on the basis of race, color, religion, sex or national origin.																								
2. APPLICANT AND PROJECT IDENTIFICATION:																								
A. APPLICANT'S: NAME: _____ ADDRESS: _____ TELEPHONE NO.: _____	B. PROJECT OR APPLICATION NUMBER: _____ SECTION OF ACT: _____ NUMBER OF UNITS: _____ PRICE OR RENTAL RANGE OF UNITS: FROM \$ _____ TO \$ _____																							
C. PROJECT: NAME: _____ LOCATION/ADDRESS: _____ CITY: _____, STATE: _____ COUNTY: _____; CENSUS TRACT: _____	D. FOR MULTIFAMILY HOUSING ONLY: <input type="checkbox"/> ELDERLY <input type="checkbox"/> NON-ELDERLY E. APPROXIMATE STARTING DATES: ADVERTISING _____ OCCUPANCY _____																							
3. TYPE OF AFFIRMATIVE MARKETING PLAN: <input type="checkbox"/> Project Plan; <input type="checkbox"/> Annual Plan (for scattered sites). NOTE: A separate Annual Plan must be developed for each type area in which housing is to be built. Indicate the specific area for which this plan applies: <input type="checkbox"/> Minority Area <input type="checkbox"/> White (non-minority) Area <input type="checkbox"/> Mixed Area (with _____ % minority residents)																								
4. DIRECTION OF MARKETING ACTIVITY: Each applicant is required to carry out an affirmative marketing program to attract buyers or tenants of all minority and non-minority groups to the housing. The purpose of this program is to assure that any group(s) of persons normally NOT likely to apply for the housing without special outreach efforts (because of existing neighborhood racial or ethnic patterns, price, and/or other factors) know about the housing, feel welcome to apply and have the opportunity to buy or rent. Indicate below which group(s) are least likely to apply for the housing without special outreach efforts. <input type="checkbox"/> White (Non-Hispanic) <input type="checkbox"/> Black (Non-Hispanic) <input type="checkbox"/> American Indian or Alaskan Native <input type="checkbox"/> Hispanic <input type="checkbox"/> Asian or Pacific Islander																								
5. MARKETING PROGRAM: All advertising will include: a) methods to attract minority and non-minority persons, especially persons in the group(s) checked above; and b) prominent use of the approved Equal Housing Opportunity Logotype, Slogan and/or Statement.																								
A. COMMERCIAL MEDIA: Check the media to be used to advertise the availability of this housing. <input type="checkbox"/> Newspaper(s)/Publication(s) <input type="checkbox"/> Radio <input type="checkbox"/> TV <input type="checkbox"/> Billboard(s) <input type="checkbox"/> Others (specify) _____ For the media identified above, provide the requested information: (If more space is needed attach an additional sheet.)																								
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width:30%;">NAME OF MEDIA</th> <th colspan="5" style="text-align: center;">ESTIMATE IN PERCENTAGES THE RACIAL/ETHNIC IDENTIFICATIONS OF MAJOR READERS/AUDIENCE</th> <th colspan="2" style="text-align: center;">ADS/BROADCASTS, ETC.</th> </tr> <tr> <th style="width:10%;">White (Non-Hispanic)</th> <th style="width:10%;">Black (Non-Hispanic)</th> <th style="width:10%;">American Indian or Alaskan Native</th> <th style="width:10%;">Hispanic</th> <th style="width:10%;">Asian or Pacific Islander</th> <th style="width:10%;">Size and/or Duration</th> <th style="width:10%;">Frequency or Intervals</th> </tr> </thead> <tbody> <tr> <td style="height: 40px;"> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	NAME OF MEDIA	ESTIMATE IN PERCENTAGES THE RACIAL/ETHNIC IDENTIFICATIONS OF MAJOR READERS/AUDIENCE					ADS/BROADCASTS, ETC.		White (Non-Hispanic)	Black (Non-Hispanic)	American Indian or Alaskan Native	Hispanic	Asian or Pacific Islander	Size and/or Duration	Frequency or Intervals									
NAME OF MEDIA		ESTIMATE IN PERCENTAGES THE RACIAL/ETHNIC IDENTIFICATIONS OF MAJOR READERS/AUDIENCE					ADS/BROADCASTS, ETC.																	
	White (Non-Hispanic)	Black (Non-Hispanic)	American Indian or Alaskan Native	Hispanic	Asian or Pacific Islander	Size and/or Duration	Frequency or Intervals																	
NOTE: Attach copy of ad or state when it will be submitted.																								
B. BROCHURES, SIGNS AND HUD'S FAIR HOUSING POSTER: 1) Will brochures, leaflets or handouts be used to advertise? <input type="checkbox"/> Yes; <input type="checkbox"/> No. If yes, attach a copy or submit when available. 2) For project site sign: indicate sign size _____ x _____; Logotype size _____ x _____. Attach a photograph of project sign or submit when available. 3) HUD's Fair Housing Poster must be conspicuously displayed wherever sales/rentals and showings take place. Fair Housing Posters will be displayed in the <input type="checkbox"/> Sales/Rental Office(s); <input type="checkbox"/> Real Estate Office(s); <input type="checkbox"/> Model Unit(s); <input type="checkbox"/> Other (specify) _____																								

(continued)

EXHIBIT SEVEN (continued)

C. COMMUNITY CONTACTS: To further inform the group(s) least likely to apply about the availability of the housing, the applicant agrees to establish and maintain contact with the groups/organizations located in the housing market area or SMSA listed below. If more space is needed attach an additional sheet. Notify HUD-FHEO of any changes in this list. Submit a copy of correspondence to be mailed to these groups/organizations. (Provide all requested information.)

Name of Group/Organization	Racial/Ethnic Identification	Approximate Date of Contact or Proposed Contact	Person Contacted or to be Contacted	Address and Telephone No.	Method of Contact(s)	Indicate the specific function group/organization will undertake in implementing this plan

6. FUTURE MARKETING ACTIVITIES (Rental Units Only): Check the block(s) that best describe future marketing activities to fill vacancies as they occur after the project has been initially occupied.

- Newspapers/Publications
 Radio
 TV
 Brochures/Leaflets/Handouts
 Site Signs
 Community Contacts
 Others (specify) _____

7. ANTICIPATED OCCUPANCY RESULTS (State in number of units the racial/ethnic mix anticipated as a result of implementation of this affirmative marketing plan).
 ___ White (Non-Hispanic)
 ___ Black (Non-Hispanic)
 ___ American Indian or Alaskan Native
 ___ Hispanic
 ___ Asian or Pacific Islander

Previous Edition is Obsolete

HUD-935.2 (8-78)

8. STAFFING AND EXPERIENCE:												
<i>(Give the information requested in the table below for your organization (Developer/Sponsor) and for the other companies/organizations identified, if applicable; provide total staffing figures, i.e., do not limit staffing to those staff persons connected with or working on this housing. NOTE: HUD-FHEO should be notified of any changes in the companies named in this chart.)</i>												
Name of Company, Address and Telephone No.	Job Classification	STAFFING							Company's last two experiences with those persons least likely to apply for jobs/housing. Indicate name and address of the housing and racial/ethnic mix.			
		Present					Anticipated					
		Totals	White (Non-Hispanic)	Black (Non-Hispanic)	American Indian or Alaskan Native	Hispanic	Asian or Pacific Islander	Vacancies	Date of 1st Job Opening	Recruitment steps taken or to be taken to attract all persons	Housing	Jobs
A. Developer/Sponsor	Prof.	M										
		F										
	Other	M										
		F										
B. Advertising (Answer if different from A)	Prof.	M										
		F										
	Other	M										
		F										
C. Management and Sales/Rental Staff (Answer if different from A and/or B)	Prof.	M										
		F										
	Other	M										
		F										

(continued)

EXHIBIT SEVEN (continued)

9. STAFF INSTRUCTIONS:
 Fair Housing Training: All persons engaged in the sales/rental of real property have to be instructed periodically to insure that they are aware and knowledgeable of Fair Housing requirements.

A. Are regular sales/rental staff meetings conducted? Yes, when? _____ No.
 If yes, is Fair Housing training provided to the sales/rental staff at that meeting? Yes; No.

B. If you answered "no" for either of the questions in item 9A, when is Fair Housing training provided to the sales/rental staff?

C. Is a copy of the instructions used or proposed to be used for training sales/rental staff in Fair Housing attached to this plan? Yes. No; indicate when information will be submitted _____

D. Do the instructions include and relate to local, state and Federal Fair Housing Laws, including Executive Order 11063, the Civil Rights Act of 1968 and this Affirmative Marketing Plan? Yes. No; explain. _____

10. ADDITIONAL CONSIDERATIONS:
 Other Efforts: Please describe other efforts you plan, as part of your outreach program, to attract persons in those groups that you have designated as least likely to apply for housing in the project under consideration, that are not covered elsewhere in this plan. Efforts to attract female-headed households should be employed.

11. The applicant agrees to make any changes in a plan covering a multifamily project, which may reasonably be required, after initial rent-up to assure continued compliance with Section 200.620 of HUD's Affirmative Fair Housing Marketing Regulations.

FOR FHEO'S USE ONLY		SIGNATURE OF PERSON SUBMITTING PLAN
APPROVAL BY:	DISAPPROVAL BY:	
SIGNATURE	SIGNATURE	
NAME (Type or print)	NAME (Type or print)	
TITLE	TITLE	
DATE	DATE	
		NAME (Type or print)
		TITLE AND COMPANY
		DATE

so that the sponsor cannot achieve a 10% occupancy by accepting only Asians.) Goals are established after reviewing: profile of the local racial demographics and trends; characteristics of area labor market; and performance of existing government sponsored housing in area. The form also requests the classification of the staff by minority group and yes/no answers to questions concerning fair housing training of the staff.

In general the form can be characterized as the bureaucratization of an individualized activity. In trying to assure uniform coverage of topics and simplify the job of HUD monitoring, the creative task of developing a marketing program is foregone. The form requests information on the five plan elements from all sponsors, but more often than not some element of the program is not filled in. A minority of sponsors actually attach ad-copy or elaborate on attempts in the small space provided. Essentially sponsors have adopted a policy of filling in the minority newspapers the advertising will appear in. Also at work is an agency struggle with regulating in a manner compatible with the normal business practices of sponsors and managing agents. As noted earlier priorities lie with the production process running smoothly and in a financially viable manner. HUD seeks to minimize the "burden" on sponsors, by establishing procedures which are convenient and uninvolved.

The sponsor is not encouraged to develop a marketing approach as outlined by Exhibit Two of Chapter One. HUD has narrowly focused on advertisement as the key marketing tool. The regulations stipulate:

An affirmative marketing program...shall typically involve publicizing to minority persons the availability of housing opportunities...through the type of media customarily utilized by the applicant, including minority publications or other minority outlets which are available

in the housing market....³

No mention is made of marketing research, product packaging, or other promotional activities. The market research done prior to the initial application for funding is done at an aggregate level to establish housing need, relying on government agency reports or census data. No attempt is made at researching the specific needs, desires or attitudes of the non-traditional group the plan will attempt to attract. In fact, sponsors' proposals are a reaction to HUD criteria and policies, politics, and the nature of available funds and land, not consumer realities. At one level the production of such housing is responsive product development -- the need of low income groups for quality housing is documented. But market analysis at such an aggregate level and based on the perception of housing as a physical shelter fails to produce an assessment of the consumer which could be useful in designing the product or developing marketing strategies. Earlier discussion revealed the far-reaching consequences of housing choice and the resulting consumer caution in purchase. The perception that consumers are looking for a roof and four walls is inaccurate and represents a basic misunderstanding of the product's function. The results of a market analysis based on this view represents a limited aspect of the consumer's housing needs.

The specific forces molding the outcomes of HUD's housing programs include.

- a) HUD's de-concentration criteria: projects proposed for areas with little subsidized housing (typically suburban locations) are more favorably rated than those proposed for areas with existing government subsidized housing,

- b) the negative response of communities to the potential for siting subsidized housing (especially family units) in their locale often discourages developers, or determines the housing type,
- c) the constraints of locale choice imposed by the high costs and limited availability of land,
- d) HUD's financial regulations which make elderly housing more profitable for sponsors than family housing, and
- e) a system of contract awarding subject to political maneuvering by sponsors.

These factors largely determine the product, displacing the concerns and needs of the consumers from the center of the decision. This especially impacts minority consumers who have a set of concerns and needs unlike the general consumer. The production priority reflected by these five factors prevents responsive product development. Since the minority housing consumer is not the center of the product development much of the resulting housing does not match the needs of this consumer. The housing may be built outside of communities where the consumer has roots, removed from job opportunities, unaccessible by public transportation, in areas with frequent racial incidents, and with few units for large families. This is fact may play a large role in the effectiveness of AFHM. This essay maintains that changing such priorities is necessary but also refining marketing techniques can open existing housing opportunities to minorities. With a set product, strategies should operate, according to Novelli, on changing the consumer's perceptions of the product. This cannot be achieved in the present vacuous state of consumer research. Neither sponsors nor agencies have an adequate sense of the minority communities' attitude

toward the product, and behavior in purchasing the product, to develop effective plans.

Most MHFA projects receive funds through HUD and thus go through the above AFHM plan process. The MHFA affirmative marketing is a slight variation on the model established by HUD. The market study accompanying initial applications, like HUD's, is an aggregate assessment of physical housing needs, with no mention of the target group of the affirmative marketing plan. (See Exhibit Eight) The Equal Opportunity (EO) division has attempted to raise these concerns in a questionnaire that accompanies a sponsor's initial application. Sponsors are asked, "Are minorities currently renting in or near the project area aware of the project? Have minorities been involved in the planning of the proposed project? Describe and identify any known support and/or opposition by minorities, regarding the proposed project." It is unclear how the answers to these inquiries enters the agency's decisions regarding the proposal, since the activities inquired about are not part of the required application procedure. Within five days of receiving a letter of approval for the project, the sponsor arranges a pre-construction meeting with the EO division of MHFA. At this meeting EO personnel discuss the affirmative action program of the sponsor with regard to: the awarding of subcontracts; the hiring of construction labor and management staff; and the occupancy of the housing units. The minority occupancy goal negotiated often exceeds the HUD goal and, unlike HUD, MHFA maintains a minimum goal of 5%. The sponsor signs an Affirmative Fair Marketing Contract (See Exhibit Nine), binding the organization to: advertise on-site and in minority papers; receive agency approval of advertising in advance of release; contact the community groups on the agency list (and

EXHIBIT EIGHT

MHFA MARKETING STUDY OUTLINE

MARKET SURVEY REQUIREMENTS FOR MHFA PROJECT PROPOSALS

- A. Comparable conventional multi-family housing built in the last five years in the housing market area (at least 3 examples).
1. Name of project
 2. Address
 3. Year built
 4. Building type (high-rise, garden, townhouse, etc.)
 5. Total number of units
 6. Bedroom breakdown
 7. Monthly rents for each bedroom type
 8. Number of vacancies by bedroom type or waiting list
 9. Utilities and amenities, whether tenant pays, and number elevators if high-rise
 10. Name and phone number of manager
 11. Source of information, name and number
- B. Standard housing 30 years and older of 2 or more units - information as listed above. Especially important to include vacancies by bedroom type.
- C. Elimination of housing. Determine from local authorities and State DPW, etc., the number of unsafe or unsanitary housing units already eliminated in your general housing market area and projected for elimination by public agencies over the next 5 years by demolition, condemnation, effective closing, or compulsory repair, or code enforcement, etc.
- D. Low-income need for housing. Indicate whether there is a local housing authority and, if so, describe its projects and activities, any pending projects and future plans, whether they are interested in leased housing. Detail authority's waiting list, indicating what bedroom types are needed. Include source of info, name & phone number.
- From the local welfare office find out what types of housing units are required by welfare clients in the area, including people on old age assistance, medical disability and AFDC.
- Other local groups - OEO location groups, church groups - are often sources of information about low-income families in need.
- E. General information on general housing market. Include population, showing trends, income levels, and economic condition, including potential growth opportunities.
- F. Planning and zoning. Indicate whether community has a comprehensive plan, zoning and the number of outstanding multi-family building permits. Note name and phone number of local planning official.

AFFIRMATIVE FAIR MARKETING CONTRACT

I. PURPOSE:

IT SHALL BE THE OBLIGATION OF THE PROPOSED MORTGAGOR, _____ TO AFFIRMATIVELY MARKET UNITS IN _____ DEVELOPMENT IN ACCORDANCE WITH THE STANDARDS AND PROCEDURES SPECIFIED HEREIN FOR THE PURPOSE OF INSURING AN ECONOMIC AND RACIAL MIX OF RESIDENTS. THE PROPOSED MORTGAGOR _____ COMMITS ITSELF TO UTILIZE CREATIVE AND AGGRESSIVE APPROACHES TO FULFILL THE PURPOSE OF THIS CONTRACT.

II. THE PROPOSED MORTGAGOR _____ (HEREINAFTER REFERRED TO AS THE DEVELOPER) WILL INSURE THAT THIS PLAN IS INCLUDED IN HIS CONTRACT WITH HIS MANAGEMENT COMPANY.

III. AFFIRMATIVE MARKETING GOAL:

THE AFFIRMATIVE MARKETING EFFORT WILL BE DIRECTED TO THE MINORITY AND MAJORITY RACIAL GROUPS THAT WOULD NOT ORDINARILY APPLY FOR HOUSING IN THE LOCALITY OF THE _____ DEVELOPMENT, AS DETERMINED BY MHFA-EQUAL OPPORTUNITY DEPARTMENT (HEREAFTER, MHFA). THE AFFIRMATIVE MARKETING EFFORT FOR _____ DEVELOPMENT SHALL BE DIRECTED TO THE FOLLOWING RACIAL GROUPS: _____, WITH A _____% MINIMAL OCCUPANCY GOAL FOR SAID GROUPS IN THE ENTIRE DEVELOPMENT. THIS OVERALL GOAL SHALL BE APPORTIONED SO THAT THE GOAL FOR EACH ECONOMIC LEVEL IS _____% OF MARKET UNIT; _____% OF MODERATE INCOME UNITS; AND _____% LOW INCOME UNITS; AND/OR _____% OF THE FAMILY UNITS AND _____% OF THE ELDERLY UNITS. THE PRIMARY AREA FOR CONDUCTING AFFIRMATIVE FAIR MARKETING ACTIVITIES AS DEFINED BY MHFA IS _____.

IV. DOCUMENTATION:

THE DEVELOPER SHALL CONTINUALLY SUBMIT TO MHFA, DOCUMENTATION OF HIS AFFIRMATIVE MARKETING EFFORTS AS REQUESTED.

V. STAFF:

(A) _____ PROPOSED MORTGAGOR, SHALL EMPLOY FOR THIS DEVELOPMENT A MANAGEMENT STAFF, INCLUDING RENT-UP AND SECURITY EMPLOYEES, WHICH IS SENSITIVE TO THE PARTICULAR CONCERNS OF MINORITY AND LOW-INCOME FAMILIES. AGGRESSIVE AFFIRMATIVE HIRING EFFORTS SHALL BE UTILIZED IN MANAGEMENT STAFFING, INCLUDING OBTAINING RECRUITMENT ASSISTANCE FROM THE AFFIRMATIVE FAIR MARKETING CONTACTS (IDENTIFIED PURSUANT TO PART IV (b) BELOW).

IN ADDITION, THE DEVELOPER SHALL EXPLORE THE POSSIBILITY OF UTILIZING INDIVIDUALS FROM THE AFFIRMATIVE FAIR MARKETING CONTACTS TO ASSIST APPLICANTS. THE RACIAL COMPOSITION OF THE DEVELOPMENT'S MANAGEMENT STAFF WILL BE TAKEN INTO ACCOUNT BY MHFA IN DETERMINING WHETHER THE DEVELOPMENT HAS FULFILLED HIS AFFIRMATIVE FAIR MARKETING OBLIGATIONS.

(B) THE MHFA SHALL CONDUCT AN AFFIRMATIVE FAIR MARKETING ORIENTATION PROGRAM FOR THE MANAGEMENT STAFF WHICH WILL INCLUDE, AT LEAST, THE DISSEMINATION OF THE FOLLOWING STATE AND FEDERAL REGULATIONS:

TITLE VIII, OF THE CIVIL RIGHTS ACT OF 1968
TITLE VI, OF THE CIVIL RIGHTS ACT OF 1974
EXECUTIVE ORDER 11063, NOVEMBER 29, 1962
EXECUTIVE ORDER 74, (MASSACHUSETTS)
CHAPTER 151B, SECTION IV, OF THE MASSACHUSETTS
FAIR HOUSING LAW
EXECUTIVE ORDER 11246, SEPTEMBER 9, 1965

SUBSEQUENT TO THE ORIENTATION PROGRAM THE DEVELOPER WILL DISSEMINATE ADDITIONAL AFFIRMATIVE FAIR MARKETING INFORMATION TO THE MANAGEMENT STAFF AS DIRECTED BY MHFA.

(C) THE DEVELOPER WILL ISSUE A POLICY STATEMENT CONCERNING EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION TO ALL MANAGEMENT EMPLOYEES. THIS POLICY STATEMENT WILL BE POSTED IN THE RENTAL/MANAGEMENT OFFICE.

(D) THE DEVELOPER/MANAGEMENT COMPANY WILL PREPARE AND SUBMIT TO MHFA, JOB DESCRIPTIONS FOR ALL STAFF PRIOR TO THE HIRING OF THAT STAFF.

VI. MARKETING:

1. ADVERTISING

THE ADVERTISING COMPONENT OF THE AFFIRMATIVE FAIR MARKETING PROGRAM FOR THIS DEVELOPMENT SHALL INCLUDE AT A MINIMUM THE FOLLOWING:

(A) AT THE START OF CONSTRUCTION, AN ON-SITE SIGN, LARGE ENOUGH TO FULLY LEGIBLE TO ALL PASSERS-BY, SHALL BE PLACED IN A CONSPICUOUS LOCATION. THE SIGN SHALL STATE: "FINANCED BY MASSACHUSETTS HOUSING FINANCE AGENCY, UNITS AVAILABLE ON AN OPEN OCCUPANCY BASIS." THE HUD LOGOTYPE SHALL BE PROMINENTLY DISPLAYED AND SHALL BE EQUAL TO THE TO THE LARGEST OF THE OTHER LETTERING USED. THE SLOGAN SHALL BE EQUAL TO THE SIZE OF THE SECONDARY LETTERING.

(B) ALL BROCHURES (INCLUDING BROCHURES FOR PROMOTION OF COMMERCIAL SPACE), PAMPHLETS, STATIONERY, AND OTHER LITERATURE SHALL STATE: "FINANCED BY MASSACHUSETTS HOUSING FINANCE AGENCY, UNITS AVAILABLE ON AN OPEN OCCUPANCY BASIS", AND SHALL CARRY THE FAIR HOUSING LOGOTYPE.

(C) IF HUMAN MODELS ARE USED THE DEVELOPER SHALL UTILIZE A MIX OF MINORITY AND MAJORITY MODELS WHICH REFLECTS THE AFFIRMATIVE FAIR MARKETING GOAL, BUT DOES NOT INDICATE A PREFERRED INCOME BRACKET OR LIFE STYLE FOR THIS DEVELOPMENT.

(D) THE DEVELOPER SHALL SUBMIT TO MHFA FOR APPROVAL THE PROPOSED SCHEDULE FOR AND COPIES OF ALL MODES OF ADVERTISING (NEWSPAPER, RADIO OR TELEVISION ADVERTISING, ETC.) PRIOR TO ITS PLACEMENT WITH THE MEDIA.

(E) PRIOR TO INITIAL RENT-UP AND ACCORDING TO A SCHEDULE SUBMITTED TO AND APPROVED BY MHFA, ADVERTISING SHALL BE PLACED IN EACH MINORITY NEWSPAPER THAT SERVES THE AFFIRMATIVE MARKETING AREA. MHFA WILL EVALUATE THE RESPONSE TO THIS ADVERTISING AND DETERMINE WHETHER ADDITIONAL ADVERTISING IN MINORITY NEWSPAPERS IS NECESSARY TO REASONABLY ENSURE AN ADEQUATE MINORITY APPLICANT POOL. THE DEVELOPER SHALL EXPLORE THE POSSIBILITY OF ADVERTISING ON ANY MINORITY RADIO STATIONS SERVING THE AFFIRMATIVE FAIR MARKETING AREA. HOWEVER, IF THE DEVELOPER ADVERTISES FOR THIS DEVELOPMENT ON MAJORITY RADIO, HE SHALL ALSO ADVERTISE FOR THE DEVELOPMENT ON MINORITY RADIO.

(F) IF AN ADVERTISING AGENCY IS UTILIZED, THE DEVELOPER SHALL ASSURE THAT THE AGENCY IS COMMITTED TO AFFIRMATIVE ACTION AND IS FAMILIAR WITH MHFA AFFIRMATIVE MARKETING POLICIES. THE AGENCIES SHALL MEET WITH MHFA EARLY IN THE PLANNING OF THE ADVERTISING PROGRAM FOR THE DEVELOPER.

2. COMMUNITY RESOURCES:

MHFA WILL ASSIST THE DEVELOPER BY PROVIDING AN AFFIRMATIVE FAIR MARKETING COMMUNITY RESOURCE CONTACT LIST WHICH SHALL INCLUDE OFFICIAL RELOCATION AGENCIES AND OTHER GOVERNMENT OR PUBLIC INTEREST GROUPS INVOLVED IN HOUSING PLACEMENT. THE DEVELOPER SHALL SUBMIT TO MHFA A LIST OF OTHER COMMUNITY RESOURCES, ORGANIZATIONS AND INDIVIDUALS WHICH HE HAS LOCATED AND PLANS TO CONTACT AS PART OF HIS AFFIRMATIVE MARKETING EFFORTS. AS THE DEVELOPER BECOMES MORE FAMILIAR WITH THE OUTREACH AREA, HE SHALL MAKE ADDITIONS TO THIS LIST AS APPROPRIATE.

THE DEVELOPER SHALL SEND A NOTIFICATION TO ALL COMMUNITY RESOURCE CONTACTS IN THE OUTREACH AREA AT THE START OF CONSTRUCTION. THIS NOTIFICATION SHALL INCLUDE THE BASIC INFORMATION CONCERNING THE DEVELOPMENT (E.G. NUMBER OF UNITS, APPROXIMATE DATE OF OCCUPANCY, INCOME LEVELS TO BE SERVED), THAT ALL UNITS WILL BE AVAILABLE ON AN OPEN OCCUPANCY BASIS, THAT THE GROUPS ARE BEING CONTACTED BECAUSE THEY MAY BE INTERESTED IN PARTICIPATING IN THE DEVELOPER'S AFFIRMATIVE MARKETING EFFORTS AND THAT THEY WILL BE CONTACTED LATER CONCERNING THEIR DESIRE TO PARTICIPATE IN THIS EFFORT. THE NOTICE SHALL ALSO PROVIDE THE NAME OF A PERSON TO CONTACT FOR FURTHER INFORMATION.

THE DEVELOPER SHALL SEND A SECOND NOTIFICATION TO HIS COMMUNITY RESOURCE CONTACTS AT APPROXIMATELY 50% OF COMPLETION OF CONSTRUCTION, OR AT SUCH OTHER TIME AS MHFA SPECIFIES. THIS NOTIFICATION SHALL CONTAIN AN UPDATE ON THE INFORMATION PROVIDED IN THE FIRST NOTIFICATION AND ON THE PROGRESS OF THE DEVELOPMENT, A NARRATIVE CONCERNING THE DEVELOPMENT (E.G. RENT LEVELS, AMENITIES, AVAILABILITY OF TRANSPORTATION), AND THAT THE ORGANIZATIONS WILL BE PERSONALLY CONTACTED IN THE NEAR FUTURE TO DISCUSS WHETHER IT IS INTERESTED IN PARTICIPATING IN THE AFFIRMATIVE MARKETING EFFORTS FOR THE DEVELOPMENT. THIS NOTIFICATION SHALL BE FOLLOWED UP BY A TELEPHONE CALL OR OTHER PERSONAL CONTACT TO THE ORGANIZATION, AND IF THE ORGANIZATION IS ACTIVELY INTERESTED IN THE DEVELOPER'S AFFIRMATIVE MARKETING EFFORTS, ARRANGEMENT SHALL BE MADE TO INVOLVE THE ORGANIZATION, SUCH AS PUBLICIZING THE DEVELOPMENT IN THE ORGANIZATION'S NEWSLETTER, DISTRIBUTION OF FLYERS DESCRIBING THE DEVELOPMENT TO MEMBERS OF THE ORGANIZATION AND OTHERS SUGGESTED BY THE ORGANIZATION, A DEVELOPER REPRESENTATIVE SPEAKING AT ORGANIZATION MEETINGS, AND THE USE OF MEMBERS OF THE ORGANIZATION AS VOLUNTEERS TO ASSIST IN THE AFFIRMATIVE MARKETING EFFORTS.

SEVERAL WEEKS BEFORE THE BEGINNING OF RENT-UP THE DEVELOPER SHALL SEND A THIRD NOTIFICATION TO ALL COMMUNITY RESOURCE CONTACTS THAT HE HAS IDENTIFIED AS POSSIBLY HELPFUL IN HIS AFFIRMATIVE MARKETING EFFORTS (NOT NECESSARILY LIMITED TO THOSE GROUPS THAT HAVE PLAYED AN ACTIVE ROLE). THIS NOTIFICATION SHALL INCLUDE THE RENT-UP BROCHURE FOR THE DEVELOPMENT, THE PRECISE DATES FOR RENT-UP, A BRIEF DESCRIPTION OF HOW AN APPLICANT MAY APPLY AND A NAME OF A PERSON TO CONTACT FOR FURTHER INFORMATION.

VII. RENT-UP PROCEDURES:

(A) PRIOR TO RENT-UP THE DEVELOPER SHALL REPORT TO MHFA DOCUMENTING HIS AFFIRMATIVE MARKETING EFFORTS TO DATE. HALF WAY THROUGH THE CHRONOLOGICAL RENT-UP PERIOD, THE DEVELOPER SHALL SUBMIT TO MHFA AN UPDATED TALLY OF THE TOTAL NUMBER OF APPLICANTS IN EACH ECONOMIC LEVEL. ON THE LAST DAY OF THE RENT-UP PERIOD THE DEVELOPER SHALL SUBMIT TO MHFA AN UPDATE TALLY OF THE APPLICANT POOL.

(B) IF IT APPEARS FROM THE DEVELOPER'S REPORT OR FROM OTHER MHFA MONITORING ACTIVITIES THAT THERE WILL NOT BE A MINORITY APPLICANT POOL SUFFICIENT FOR THE DEVELOPMENT TO REACH ITS GOAL, MHFA MAY SPECIFY THAT THE DEVELOPMENT SHALL UNDERTAKE FURTHER AFFIRMATIVE MARKETING ADVERTISING AND OUTREACH AND THE FACT THAT THE CHRONOLOGICAL RENT-UP PERIOD MAY HAVE CLOSED, IS NOT RELEVANT TO MINORITY APPLICANTS WHO MAY APPLY THEREAFTER FOR A SPECIFIED PERIOD. IN ADDITION, MHFA RESERVES THE AUTHORITY TO INSTRUCT THE DEVELOPER TO ADJUST THE PREFERENCE CATEGORIES SPECIFIED IN MHFA'S APPROVED RESIDENT SELECTION PLAN FOR THE DEVELOPMENT AS SUCH ADJUSTMENT WOULD ASSIST IN MEETING THE DEVELOPMENT'S AFFIRMATIVE MARKETING GOAL. MHFA MAY ORDER THE DEVELOPER TO HOLD OPEN UNITS IN THE DEVELOPMENT UNTIL EITHER THE DEVELOPER'S AFFIRMATIVE MARKETING GOAL IS REACHED OR UNTIL MHFA DETERMINES THAT THE DEVELOPER HAS MADE EVERY REASONABLE EFFORT.

VIII. CONTINUING AFFIRMATIVE MARKETING OBJECTIVES:

IN ORDER TO MAINTAIN THE AFFIRMATIVE MARKETING OBJECTIVE ON AN ON-GOING BASIS THROUGHOUT THE LIFE OF THE MORTGAGE, THE MHFA QUARTERLY AFFIRMATIVE MARKETING STATUS REPORT WILL BE EXAMINED FOR THE NUMBER OF VACANCIES AND NUMBER OF MINORITY/MAJORITY RESIDENTS. FOR THE FILLING OF VACANCIES, THE DEVELOPER SHALL CONTINUE TO COMPLY WITH THE OBJECTIVES OF THE AFFIRMATIVE MARKETING PLAN, INCLUDING ADVERTISING IN MINORITY MEDIA. IF NECESSARY, MHFA MAY ORDER THE DEVELOPER TO HOLD VACANT UNITS OPEN UNTIL SATISFACTORY AFFIRMATIVE MARKETING EFFORTS HAVE BEEN DONE WITH RESPECT TO THE VACANCIES.

IX. FEDERAL OCCUPANCY REPORTING REQUIREMENTS:

A MONTHLY OCCUPANCY REPORT (SEE ATTACHED HUD FORM 9801- OCCUPANCY REPORT) MUST BE FILED ON ALL FEDERALLY-ASSISTED (SECTION 236, 23, 8 TURNKEY) PROJECTS. REPORTS SHOULD BE

SENT DIRECTLY TO:

AREA DIRECTOR FOR EQUAL OPPORTUNITY
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT
15 NEW CHURCH STREET
BOSTON, MASSACHUSETTS 02114

X. SANCTIONS:

A. FEDERAL SANCTIONS FOR FEDERALLY ASSISTED PROJECTS

FAILURE OR REFUSAL TO COMPLY AND GIVE SATISFACTORY ASSURANCE OF FUTURE COMPLIANCE WILL INCLUDE, BUT NOT BE LIMITED TO, DENIAL OF FURTHER PARTICIPATION IN FEDERAL PROGRAMS IN ACCORDANCE WITH TITLE 24, CFR, PART 24 - DEBARMENT, SUSPENSION AND INELIGIBILITY OF CONTRACTORS AND GRANTEES, AND REFERRAL TO THE DEPARTMENT OF JUSTICE FOR SUIT BY THE UNITED STATES FOR INJUNCTION OR OTHER APPROPRIATE RELIEF.

B. STATE SANCTIONS:

FAILURE OR REFUSAL TO COMPLY WITH OR GIVE SATISFACTORY ASSURANCE OF FUTURE COMPLIANCE WITH THIS AFFIRMATIVE MARKETING PLAN WILL SUBJECT A DEVELOPER OR ANY CONTRACTOR OF THE DEVELOPER TO DEBARMENT, SUSPENSION OR INELIGIBILITY FROM ANY MHFA DEVELOPMENT. IN ADDITION, MHFA SHALL NOTIFY OTHER STATE AGENCIES OF THIS FAILURE OR REFUSAL.

XI. PUBLIC INSPECTION OF AFFIRMATIVE MARKETING PLANS:

AFTER THIS PLAN HAS BEEN APPROVED, IT SHALL BE AVAILABLE FOR PUBLIC INSPECTION BY ANY INTERESTED GROUP OR INDIVIDUAL AT THE RENTAL OFFICE.

XII. THE PROPOSED MORTGAGOR _____ IS HEREBY NOTIFIED THAT VERIFIERS FROM RECOGNIZED PUBLIC AGENCIES MAY BE SOLICITED TO PROVIDE A MONITORING FUNCTION. IF THE MORTGAGE FOR _____ DEVELOPMENT HAS NOT CLOSED WITHIN 120 DAYS OF THE DATE OF THIS PLAN,

pursue further contacts) at three stages: start of construction, 50% of construction and a few weeks prior to the rent-up period. Quarterly occupancy reports are filed and sponsors may undergo a review when staff recognize a problem. The sanctions are like HUD's, disbarment from further state programs and possible legal action. During rent-up or in the case of vacancies, the agency may require the sponsor to keep units open until they can be filled by minority tenants if a poor performance is in evidence.

The feature which most sets MHFA's process apart from HUD's is the tenant selection process. The agency policies state a desire to develop economically and racially integrated housing. Each project serves a range of income levels from those who can afford market rate units, to those who fall in the very low income range. The market rate units may subsidize the 25% minimum low-income units, or a government subsidy program such as Section 8 may fill this gap. Within the units set aside for lower income groups, 25% are reserved for households whose sole income is a form of public assistance. MHFA encourages sponsors to include 20% market rate units within each development. Generally, sponsors have had difficulty in reaching this percentage. This income mix goal operates alongside the negotiated affirmative marketing goal. Also entering the tenant selection decisions is a MHFA agreement with the Department of Mental Health (DMH) to set aside 3% of the units of each development for clients referred by DMH.

The tenant selection process involves: 1) establishing a chronological ordering of applications; 2) reshuffling the order based on the application of a needs rating; and 3) adjusting the selection or augment-

ing the pool, after comparing the order to the goals. The needs rating, beginning with the highest priority is:

- 1) Displacement due to natural disaster, such as a fire or flood within the past two years;
- 2) Displacement due to public action such as urban renewal within the past two years;
- 3) Currently living in substandard conditions so as to affect the health or safety of the family;
- 4) Currently living in over-crowded conditions which means more than two persons per bedroom or more than one family sharing a single apartment;
- 5) Currently paying more than 50% of income for rent;
- 6) The applicant or a member of the household is physically or mentally handicapped or disabled, but may not need an adapted unit;
- 7) The head of the household is in the military service and stationed away from home.

Applicants for adapted units are processed on a separate track according to need, as are clients of the Department of Mental Health housed under the three percent commitment for mentally handicapped residents, and applicants in exceptional circumstances may receive a priority. Mention must be made of the use of political influence. Often applicants may have a Federal or state Senator or Representative, call or write requesting 'careful consideration' of the politician's constituents' applications. The degree of pressure and influence applied via such communication varies. Another force playing a role in tenant selection are residing preferences. This refers to the favoring of present town residents in the acceptance of tenants. Although, MHFA does not allow residency preferences, HUD does, and thus it may operate subtly.

After processing the applications, and sorting them according to the rating system, a review is made to ascertain the degree to which the selection fulfills the established goals. If the goals are not achieved, priority is then assigned to applicants who fill the minority or public assistance criteria and a final selection is made.

The sponsor must address several agency concerns when making tenant selection decisions. A MHFA management staff analyst works side by side with the sponsor to assure a smooth progression and act as a resource for questions on individual applications. Appearance indicates this system of balancing competing goals may frustrate efforts of achieving AFHM goals. While examples of this occur, sponsors more often face the problem of a limited minority application and not limited minority applications with high enough priority ratings. Effective marketing techniques which reached the entire minority community would result in applications from minorities covering the full spectrum of consumers MHFA seeks to serve.

The close monitoring work of MHFA in combination with the smaller amount of projects as compared to HUD, results in better marketing efforts by MHFA projects. In general, MHFA personnel implement a practice of taking each project on its own merits instead of applying one fixed formula to the affirmative marketing problem. An accurate analogy might be, while both HUD and MHFA operate through legislated regulations, MHFA had assured the spirit behind the law is conveyed and not just the latter of the law. HUD seems more content to establish negligence with regard to the twenty point checklist and avoid the more difficult task of evaluating whether or not a real "effort" has been attempted. MHFA enjoys a reputation among developers and housing planners of leaning

harder than HUD.

The legislation outlines a link between the housing sponsor and the minority consumer in the form of the community resource groups. These groups serve as the sponsor's channel to distribute information and facilitate the desired exchange. The regulatory agencies have done what they can to form this channel by mandating the connection. But the nature of the interaction between the sponsor and the community groups cannot be regulated. The standards set a minimum requirement that sponsors mail brochures or letters to these social service organizations giving notification of the availability of the units. A lack of knowledge about the consumer's behavior and attitudes hampers decision making about distribution and communication strategies. A reasonable assumption has been made that these groups are an appropriate contact point for the sponsor. (In much the same way the media form was mandated on a reasonable assumption.) A review of the greater Boston area list finds a mix of fair housing groups, social service agencies, and community facilities. (See Exhibit Ten) MHFA does encourage sponsors to uncover further organizations which might be good distributors of information on housing opportunities. Such an inquiry would expand the sponsor's understanding and profile of the market and consumer, the legislated marketing effort is aimed at. Certainly the work of the community resource groups is not to be belittled. During 1980 the South Shore Coalition for Human Rights, for example, placed twenty minority individuals from urban areas in suburban subsidized housing.⁵ The fair housing groups announce their services to communities, through extensive advertising and word-of-mouth campaigns. Some individuals in need respond. What remains unestablished is the magnitude of the audience not reached by these groups. Perhaps

EXHIBIT TEN

MHFA COMMUNITY RESOURCE CONTACT LIST

MASSACHUSETTS HOUSING FINANCE AGENCY

Community Resource Contact List

Housing Counseling
& Referral Services

Boston

Alianza Hispana 427-7175
Contact: Julia Valentin

Boston Indian Council 232-0343
Contact: Carla Francis

Roxbury-No. Dorchester APAC
442-5900
Contacts: Gloria Fox &
Sharon Riley

Lena Park Community Dev. Corp.
436-1900
Contact: Social Services Dept.

Mayor's Office of Fair Housing
Contact: Housing Counselors
725-4408

Cambridge

Elderly Housing Assistance Projects
(Also serves families)
Contact: Betty Morrison 868-0800

Other Cities & Towns

Lynn Economic Opportunities
599-2217

North Shore Community Action Program
1-531-0767
Peabody, Salem, Danvers, Marblehead
Topsfield, Beverly

Southern Middlesex Opportunities
Council 1-872-4853
Framingham Area

Tri-Cap Inc 322-4125
Everett, Malden, Melrose

EXHIBIT TEN (continued)

Fair Housing Groups

South Shore Coalition for
Human Rights
Contact: Mary Ann Cloherty
472-3396

Randolph Fair Practices Committee
961-2422
Contact: David Harris

Arlington Civil Rights Committee
Contact: Nick Minton 646-5449

Information and Referral

Housing Advocacy Associates
357-6000 Ext.532
Contact: Susan Colwell (Call to
find out list of Area Planning
Action Councils and other agencies)

other groups or means would directly communicate with a larger pool of potential consumers. This is what market research is about. A large amount of time is spent by marketing practitioners in forming a smooth, effective channel of distribution. Part of this task involves two-way communication and give-and-take between the channel operators and the marketer-producer. This legislated standard does not meet this criteria, although it assures a link that most likely in absence of the legislation, would not exist.

While the monitoring function is built into the AFHM regulations of both agencies, in practice emphasis is put on initial rent-up. This is reasonable given that goals can more readily be obtained when the whole project is open rather than when the occasional vacancy occurs. To the extent that the sponsor is new to the program, no feedback information exists. Repeat sponsors (and the figures on this are surprising: the top ten sponsors have produced 24% of the MHFA projects, and the top ten management agencies manage 46% of the MHFA units⁶) come to the AFHM process having had experience with the effort and having documented results either positive and negative. No formal mechanism, however, exists to assure feedback is part of the repeat proposal process. Informally EO personnel have done so by evaluating the performance of management agencies on the whole and by monitoring the results of implementation. Staff and time constraints limit the depth of monitoring activity that occurs.* The sponsor has the clearest sense of what was attempted and in what manner, but the fourth step of the marketing

* This may change. Due to the state of the economy and dwindling funds, less new construction activity is occurring and the agency will have more time to focus on existing practices, which makes this analysis timely.

approach is noticeably lacking from the sponsor's obligations.

Although feedback is not explicitly built into the process, the sponsors doing the greatest amount of repeat business with MHFA, tend to have better marketing records than the smaller sponsors who infrequently submit one or two projects. The following factors play a part in this phenomenon:

- 1) Learning the MHFA procedures for the first time requires a lot of work, and so little energy is left to channel into AFHM efforts,
- 2) MHFA EO's department has targetted their monitoring efforts on the large operators to maximize the impact of their work,
- 3) The large operators are more concerned with getting repeat contracts and thus with getting along with EO to make further endeavors run smoothly,
- 4) The AFHM process is labor and time intensive -- two commodities the smaller operators try to conserve, and
- 5) The large operators have established reputations and channels to avail themselves of when marketing.⁷

This state of affairs points out the need for feedback exists not only at the level of individual sponsors, but also holds for the industry as a whole. The agencies involved could aid the progress of the development of affirmative marketing techniques by establishing such a learning mechanism. The larger, experienced sponsors would contribute their wisdom and experiences, sharpening the agency and future sponsors' groups on the consumer and advancing the general performance of AFHM.

In this discussion it is apparent that the legislation addresses itself in some manner to three of the four elements of the marketing mix: product, place, and promotion. The concept of price in one sense is covered by the subsidized nature of the product. However in the AFHM

exchange, price actually connotes larger costs than the price of the housing unit. The psychological and emotional transaction costs discussed in Chapter Two play an important role in the AFHM exchange. Again, these have greater significance for the minority housing consumer and cannot be included in the design of marketing strategies until assessed.

Both HUD and MHFA personnel believe AFHM plans counter some of the prevailing market forces reinforcing segregation patterns. MHFA personnel point out the disparities in goal achievement between similar projects in the same locale, one implementing the AFHM plan, the other not, as testimonies to the effectiveness of the regulation. (For example: the 130 elderly unit St. Stephens housing in Lynn managed by Greater Boston Community Development has a goal of 10% and a 1981 performance of 10%, while the 202 elderly unit Ocean Shores housing in Lynn, managed by Harbor Management has a goal of 15% and a 1981 performance of less than 1 percent.) The fact that 43% of the projects reviewed by the HUD area office in 1981 were found to be in non-compliance, indicates sponsors do not willingly undertake even the minimum standards established for affirmative marketing⁸ until a regulatory agency intervenes. One evaluation of HUD AFHM plans concludes, "the housing sponsors frequently display through the superficiality of their plan an apparent indifference to AFHM requirements."⁹ Agency personnel recognize that the mandated behavior of the legislation is non-traditional (advertising in minority media and contacting community groups) and would not be practiced in the absence of AFHM regulation and monitoring. While these limited marketing actions may not get results, the agencies view their execution as a victory over conventional real estate practices.

The largest obstacle in the way of smooth practice of the regulations as written, is the ambiguity of roles. The two parties involved -- agencies and sponsors -- back off from taking on responsibilities due to their territorial conceptions. The agencies feel ill-equipped to evaluate the present scant marketing plans of sponsors, much less propose further marketing strategies. The sponsor is, after all, a practitioner in the field. Marketing real estate is the sponsor's livelihood and not an area in which agency personnel are trained. When efforts beyond advertising and community contacts are needed to attract minorities, the agency believes the sponsor has the expertise to develop innovative "aggressive outreach" programs as contractually required. The agencies' perceive their renter of influence consisting of the enforcement of legislated behavior.

Sponsors, and the real estate industry in general, feel in establishing regulation of their behavior the government should be explicit about what is required. A frequent response to EO personnel is, 'tell me what to try and I will.' This is rather ironic, given the usual industry cry against government intervention. Typically, private sector actors rally that they know best now to 'run their business.' The government may set a standard or goal but the industry should be able to develop the means to meet the standard. The reversal of sentiment expressed with regard to AFHM technique appears as a self-serving move to decrease the industry's involvement. The fact that a community resource list is provided by the agency indicates to the sponsor the agency is affiliated with the channel and the responsibility of the effectiveness of these contacts lies with the agency. Having mailed out the required notification, the sponsor rests, awaiting the results of the work of

those other groups. If no minorities are referred to the sponsor by these organizations, the sponsor feels absolved of responsibility. Affirmative marketing is perceived by sponsors as a government goal. The real-estate industry has not yet accepted the problem as their own. Even a management company meeting goals through active efforts concedes the motivation is the regulatory impetus.¹⁰ The industry requires a legislative mandate to change the established patterns of discrimination perpetuating segregation. Further evidence of the continued existence of the underlying causes of racial segregation by residence, surfaces in the use of goals as ceilings. In some instances management companies use the goal as a figure to limit the number of minorities accepted into the building. In a development of 150 units, a 5% goal represents only 7 units. Such a figure acting as a ceiling detracts from the product's attractiveness to minorities, due to the limited minority community and support that is formed. This exacerbates the marketer's already difficult task. Sponsors lack understanding of the problems of the minority community, the philosophy of affirmative action, and familiarity with the minority housing consumer. This is precisely because the industry has traditionally remained separate and not made connections across color lines. The sponsors look to the agencies for guidance in what they see as a new frontier, and continue to disassociate themselves from the goal of correcting market imperfections.

The AFHM legislation sets up the constructs of a limited marketing approach. The steps sponsors take under the regulations are more than would occur without the mandate, but fall short of a marketing approach to the problem. Neither group involved has a complete grasp on the dimensions of the problem -- marketing techniques, industry realities,

government goals, and target population characteristics. This brief description has highlighted some of the problems with the AFHM process: limited knowledge of actors, agency time and staff constraints, competing goals, and lack of commitment and follow through by sponsors. This essay does not set out to suggest a reformed organizational structure, to correct the institutional barriers to effective AFHM. The aim is to develop strategies for the actors to improve performance within the given legislative framework by applying the marketing approach.

FOOTNOTES

CHAPTER THREE

- 1 Rules and Regulations, "Affirmative Fair Housing Marketing Regulations," Federal Register 44, no. 155, 9 August 1979, p. 47012.
- 2 Telephone conversation with Statistician, U.S. Department of Housing and Urban Development, Washington, D.C., 5 May 1982.
- 3 Rules and Regulations, "Affirmative Fair Housing Marketing Regulation," Federal Register 40, 14 November 1975, p. 53008.
- 4 Report to HUD, "Occupancy Characteristics of Assisted Multi-Family Housing," by Amy Anthony Associates (Boston, MA, September 1981).
- 5 Metropolitan Area Planning Council, Regional Housing Mobility Program: Final Report (Boston, MA, 1982), p. 23.
- 6 Glendora M. Putnam and Barbara Cushing Leavitt, Memorandum: Equal Opportunity Position Paper, Massachusetts Housing Finance Agency, Boston, MA, April 23, 1981.
- 7 Interview with Paul Rhuda, Vice President, McNeil Associates, Inc., Dedham, MA, 29 April 1982.
- 8 Interview with Louise Rodriguez, Equal Opportunity Division, Area Office, U.S. Department of Housing and Urban Development, Boston, MA, 13 October 1981.
- 9 U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Affirmative Fair Housing Marketing Techniques: Final Report, Volume One, by Mark Battle Associates, Inc. (Washington, DC, 1976) p. 1.
- 10 Interview with Rhuda, 29 April 1982.

CHAPTER FOUR

THE MINORITY ELDERLY HOUSING CONSUMER

Marketing's first commandment might be phrased, "Know thy consumer." In this section information is drawn together to profile the minority elderly housing consumer, in particular such individuals in need of quality housing. The ultimate goal is to direct sponsors on the path of consumer research in order to improve future marketing activity. This population is focused on because MHFA has recognized widespread failure of the affirmative marketing efforts targetting this group. Affirmative marketing of family units is not necessarily better done, but the goals are more easily achieved. A large part of this stems from the pressing family need, produced by the imbalance of subsidized housing production in favor of elderly units, the constant formation of family households, and the more mobile character of families. Openings in existing and newly constructed family developments receive many minority applications.¹ The data compiled attempts to give the problem definition by exploring the magnitude of the need, the dimensions of the response, and the consumer's point of view.

The regional planning agency of the greater Boston area, Metropolitan Area Planning Council (MAPC) published a report in 1979 on the housing needs of the region's population, using a definition of housing need as follows: "occupying substandard units, overcrowded, or paying more than 25% of adjusted gross income for housing," the report concluded 84,719 elderly households in the region are in need of quality housing,

6% of whom are minority. Within this population of 5115, 34% own their homes and 66% rent.² The intense degree of segregation in the region indicates the areas where these minority elderly reside: "...the core of the region (i.e. Boston, Cambridge, and immediate communities) contain 65% of the region's lower-income households and 91% of the region's minority households in comparison to its 54% share of the region's total households."³ This presents a picture of a sizable proportion of minority elderly in need of quality housing residing in urban areas.

The MAPC report goes on to indicate that present housing programs are not adequately addressing the need. By tallying applications versus openings for regional subsidized housing units, the report reaches the conclusion: "Significant shortfalls between housing applications and resources occur in all programs for both elderly and families." MAPC's figures reveal that in recent years 2,638 elderly units were available to 7,549 applicants, about a 3:1 demand to supply ratio.⁴

The subsidized housing built in response to the aggregate need was constructed throughout the region. As mentioned in Chapter Three, sponsors are more likely to build elderly housing than family housing, and more likely to construct in the suburbs than the urban core. (See p. 76) Fifty-four percent of government sponsored elderly housing has been built in the core and 46% in suburban areas. This static dimension fails to portray the dynamics of the production process. A large percentage of the urban housing consists of pre-1950's public housing which seems hardly comparable to the Section 8 developments of the 1970's and 1980's. In the period 1970-1972, 28% of MHFA's total units were elderly, this dramatically increased during 1973-1978 to 58%.⁵ The nature of govern-

ment sponsored housing has changed both in terms of development location and household type served.

The shape of the problem emerging seems to be a need for quality housing for minority elderly who reside in urban areas, while funding agencies channel funds to suburban elderly developments. Perusal of the MHFA development list as of January 1982 reveals a total of 84 elderly developments of 10,489 units. (Other elderly units exist in mixed family/elderly developments.) Of these 84 developments, 40% are built in areas where the minority population is less than 5% (and the distribution is heavily weighted to figures around 1%); 24% are in areas of minority populations ranging from 5-15%, and 36% are in areas of minority population of greater than 15% (and the distribution is heavily weighted to figures around 30%). These figures illuminate the marketing task -- how to communicate the existence of suburban housing units to an urban minority elderly population, and how to attract them to reside in areas not traditionally places of minority residency.

Of the 84 elderly developments, 39 with MHFA AFHM goals* (filed occupancy status forms with the agency in 1981. Within this sample 29 (74%) did not meet their goal, 7 (18%) did meet their goal (that is within \pm 1% of the figure) and 3 (8%) surpassed their goal. During 1980 MHFA elderly developments received 2.2 applications for each newly created unit. (This figure is somewhat distorted by overbuilding in a rural area. One development of 84 units received only 55 applications. The actual demand is probably more in line with the MAPC figure of 3:1.)

* MHFA did not institute AFHM contracts until 1975 and those projects from 1972-1975 operate according to HUD AHFM goals. Presently EO personnel are going back to these projects and negotiating AFHM contracts.

Elderly developments have very low turnover rates. Openings generally arise only in cases of death or moves to a nursing care facility.

Opportunities to alter the racial make-up of the building's tenancy are limited once the original residents are selected.

Some surprises emerge from the MHFA elderly projects performance with regard to affirmative marketing. For instance a 56 unit development in Canton, a suburban town with a minority population of 1.8% surpassed the 5% goal in 1981 with a 9% minority occupancy figure. This and a comparison of two developments in Weymouth reinforce the idea that meeting or not meeting goals involves factors beyond location:

<u>Managing Agent</u>	<u>Development</u>	<u>Contract Goal</u>	<u>1981 Performance</u>	<u>Number of Units</u>
Corcoran	Weymouth CE	15%	14%	198
Welch	Colonial Village	5%*	0%	89 ⁶

An unmet need for quality housing exists among the urban minority elderly, and these suburban developments represent one possible means of meeting the need.

Before proceeding to a discussion of the target consumer, it seems appropriate and necessary to address some criticisms that surround the marketing of suburban housing to the urban minority elderly. These arguments echo lines of thought discussed earlier in the Introduction and Chapter One, and arise from interpreting the failure of goal achievement not as poor marketing, but as a statement of preference. Those holding these beliefs would have this analysis go no further, since the AFHM results are viewed as the minority elderly's vote with their feet.

* MHFA goal negotiated in 1982.

Common sentiments expressed include: the government should build the housing in minority neighborhoods; minority elderly shouldn't be forced to leave their communities, friends, and relatives; and minority elderly shouldn't be isolated in the white suburbs without support structures. The argument suggests the minority elderly do not desire to live in the white suburbs and that is the reason AFHM goals are not reached. The term marketing is associated with the use of force or an undue degree of influence and the aim of the essay -- to market more efficiently -- is viewed with suspicion.* As Kotler foresaw, people view the link between marketing and social goals as a 'spectre of mass manipulation.'

This analysis maintains that the failure of sponsors to meet goals is largely a product of woefully inadequate marketing strategies. Affirmative marketing is a promotion of the exercise of free will by presenting the full range of possibilities to the consumer. Data presented below from a pilot study run by MAPC indicates a sizeable desire on the part of minorities and elderly to relocate out of the urban core. Further, what appears as a lack of interest may belie the existence of the fear of discrimination and lack of familiarity. Improved marketing technique would result in the dissemination of information, to the targetted groups, of the ways the non-traditional product fulfills some of the consumer's needs. It would assure the flow of information necessary to achieve an open society with freedom of choice. The consumer would maintain control over the consequently better informed decision. Effective affirmative marketing does more than just balance existing

* Some parts of the minority community see affirmative marketing as a means of accelerating the gentrification process, and thus resist it.

market imperfections. The stable integrated living situations produced by consumers making non-traditional choices, would serve as a model and facilitate other levels of racial interaction among the children and grandchildren of the elderly residents. Granted not all minority elderly could live happily in the suburbs, but many are not given a chance to explore the possibility. This is especially important if minorities are to get their fair share of the federal/state housing dollar which has been increasingly spent on suburban developments.

The results of a MAPC pilot study on mobility preferences of Section 8 certificate holders, affirms the desire of non-whites and the elderly to relocate from urban areas. Some of the more pertinent findings include:

- Within Boston 17% of blacks and 38% of the Hispanics stated that they wished to move to a different city or town. (Generally the towns named by non-whites desiring to relocate were areas of higher minority population than those named by whites wishing to relocate.) MAPC concludes that this interest should not be dismissed and notes Boston's history and recent incidents of racial conflict makes the need for assistance to non-whites wishing to move to different neighborhoods, of increasing importance.
- A strong association occurs between increasing age and decreasing desire for mobility. The report points out the more surprising fact that 21% of those respondents over 50 years of age wished to move to a different city or town, and notes this to be consistent with the relocation of thirty minority elderly urban residents to South Shore suburban subsidized developments, done with the aid of a fair housing group. MAPC personnel speculate the elderly who desire to move, live in situations which they find

undesirable and would prefer to move to the safer, quieter situations prevailing in the suburban locations.

- Boston and suburban non-whites wishing to move to a different city or town were among the least likely to be successful at achieving their preference. (The major reason for this appears to have been the gap between the subsidy level and the prevailing rents.)
- Of those in the over 50 age group, 19.3% moved from their apartment, 35.8% stayed, and 44.8% didn't use the certificate. The actual movement of one in every five elderly (and there is the potential that this figure might have been higher if the Section 8 subsidy were large enough to compete with the going market rate) is a significant statement on elderly mobility.⁷

Such figures provide a sense of the target population's magnitude and some ideas about their desires. However, housing sponsors require a more in depth comprehension of the minority elderly's housing choice and search process before adequate strategies can be developed. The literature on housing search behavior has been expanding in recent times, in response to policy-makers' desire to design more suitable housing assistance programs (e.g. the proposed voucher system), and as part of the evaluation of past programs (e.g. Experimental Housing Allowance Program, Regional Housing Mobility Program, and Section 8).

A preliminary model of the parameters of the housing choice process, drawn from the literature, common knowledge, and agency experience, is presented here. There are three aims to this presentation:

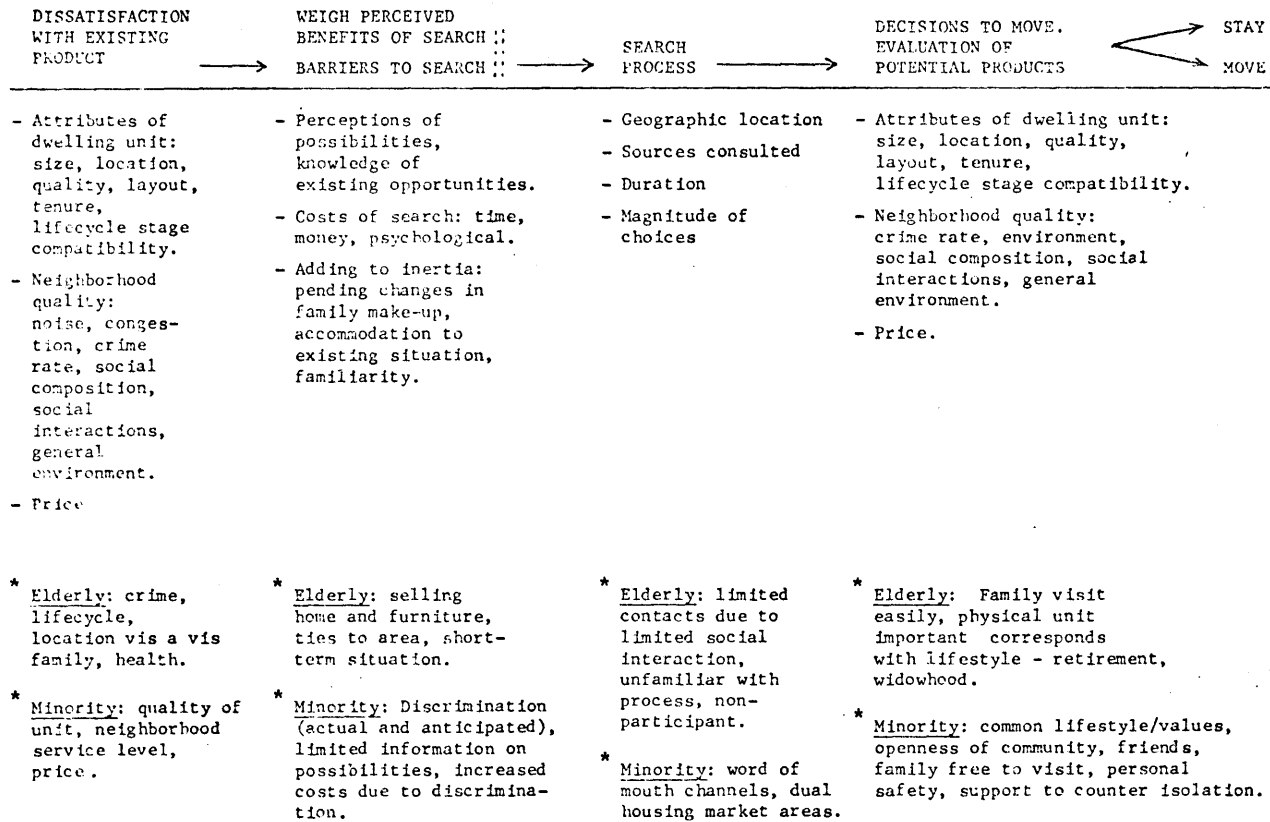
- a) to indicate specific areas sponsors should research,
- b) to act as a source to react against: to be proven or disproven with further research, and

c) to get sponsors to put their own experience in such a format. The model outlines the general housing choice process of consumers in general, and points out specific behavior and concerns associated with an elderly or minority population. Integration of the two begins to describe the minority elderly population. (See Exhibit 11.) It should be emphasized this model is preliminary and is presented as a stimulus to further delineation of the characteristics of the target group. Sponsors must modify and weigh the factors involved, as dictated by the particulars of the housing market in which they operate.

The process begins with the consumer's recognition of dissatisfaction with the present product being consumed. This dissatisfaction might revolve around the physical attributes of the dwelling unit, such as its size, layout and level of maintenance, or around the quality of the neighborhood, including such characteristics as noise level, crime rate, and social interactions, or around the price vis-a-vis the product's quality and consumer's income. It remains to be determined which of these factors, or others not included, are the prime influencer of the target group. Generally, it is believed elderly are particularly concerned with issues about security and health. Safety has been found to be of primary importance to elderly, who make easy targets for some forms of street crime.⁸ Health-related considerations affect most aspects of their lives, at a greater magnitude than is true for the population at large, and determines their general well-being.⁹ This is a factor not to be over-looked as part of the housing choice process. Since the elderly are, for the most part, retired, job location is not a significant variable, but the increased leisure time makes family accessibility of increasing importance. The location of the elderly

EXHIBIT ELEVEN

HOUSING SEARCH AND CHOICE PROGRESS



Source: John L. Goodray, Jr. and Mary Vogel, The Process of Housing Choice (Washington, DC: The Urban Institute, 1975), p. 3; and Author.

person's home, relative to his/her children and grandchildren, no doubt enters the factors associated with housing satisfaction. Limited income, in times of increasing housing costs, can often be an impetus for elderly to consider moving. The MAPC study indicates physical conditions, overcrowding, and price may play a role in the dissatisfaction with housing expressed by members of minority groups. Discontent with the quality of the neighborhood services may also contribute.

Not all individuals dissatisfied with some aspect of their housing undertake a housing search. As economics has trained us to think, consumers make decisions to maximize their utility. Individuals must believe they have something to gain from participating in the housing search, because there are definite costs to such an undertaking:

Households implicitly weigh the perceived benefits of moving against the perceived costs and move only when it seems advantageous to do so. Benefits here include the housing and neighborhood improvements that may be realized through a move, e.g. more space or a safer neighborhood. Costs include those required to find better housing and to change residence once a suitable unit has been located. Specific search costs may include direct expenses, (e.g. commissions paid to agents), the effort spent trying to find a unit, and the psychological costs that result from perceived discrimination. Specific relocation costs may include direct moving expenses, foregone earnings or security or utility deposits, and the closing costs of purchasing a home. Since the costs of searching and moving may vary with household characteristics, so will the severity of their impact on a household's willingness to move. 10

The dissatisfaction is weighed against the perceived costs and the perceived benefits. The elderly, as a group, are viewed as valuing community ties very highly. They have accommodated themselves to the drawbacks in their present situations. Other factors which may play a part in the elderly's decisions include selling their home at a

suitable price, and sorting through belongings and furniture before relocation to a smaller space. The elderly may be willing to stay put in an unsatisfactory situation, since they may anticipate a period of limited duration. For members of minority groups, the existence of discrimination has a bearing in the perceived benefits of searching. The psychological costs of encountering discrimination, combined with the real costs it adds by necessitating a larger search, weigh heavily against the dissatisfaction with present housing. Also important is the perception that better opportunities exist. The real estate industry may limit such information, resulting in minorities choosing to reside in places they are dissatisfied with due to a sense of futility in trying to locate a new residence.

The decision to search initiates the process of which the least is known, and which is to the greatest degree not generalizable. The individual decides on a geographic area in which the search will occur and seeks out familiar sources of information they perceive to be credible and knowledgeable. The amount of time spent looking and the number of units looked at will vary. With regard to these dimensions of the elderly's search process, the prevailing theory suggests their limited social interactions narrows the contacts they can avail themselves of. Also, it is highly probable that this could be their first move in a while, and thus, they are out of touch with the process and may be at a loss of where to begin. Minority search processes are undocumented. Traditional thought suggests word-of-mouth is the primary vehicle used to disseminate information. The dual housing market assures the locations considered are areas of existing minority residency. The specifics of the search procedure for minorities represents the largest gap of information in the

overall housing choice framework.

Having searched and viewed potential new products, the consumer again weighs the benefits and costs, evaluating the physical attributes of the unit, neighborhood quality, and price. For the elderly, prime considerations might include: whether their families could visit easily, how well it fits their new lifestyle (often recently defined by retirement or widowhood and the accompanying free time), and if they would be able to get around easily. The physical unit and immediate building community are particularly important since the elderly spend much of their days in their units. For minority group members, non-traditional choices are evaluated with respect to an additional set of particular concerns which includes: the presence of other minority group members who share common values, life-styles, and life experiences; the extent of openness of the community -- both within the building and the town; the freedom for family and friends to visit without sensing hostility; their personal security in the area; and the existence of a support system to counter feelings of isolation.

At the conclusion of these considerations and actions, a decision is made to remain in the present housing or move to a different location. The goals of the affirmative marketing contract necessitate sponsors intervene in the process. Such interventions may take the form of providing information through the proper channels, widening the geographic dimensions of the consumer's search, altering inaccurate consumer's perceptions of the new product's characteristics, and adjusting the new product to better meet the evaluative criteria. This involvement cannot occur in the absence of an understanding of the steps the minority elderly undergo in making choices about where to live.

The group interview or focus group is a form of consumer research employed by marketers to fill in the blanks of how the world is viewed and experienced by the consumer. When consumer information is sparse or lacking, or when the marketer needs immediate contact to spark his own thought, group interviews are highly productive idea breeders.¹¹ Housing sponsors' marketing efforts could benefit from the information and ideas raised through such inquiry. Currently the development of AFHM plans consists of implementing a set marketing formula of which the primary element is newspaper advertising. No attempt is made to go beyond the minimal standards of HUD and apply conventional real estate marketing practices or consumer marketing techniques. This reliance on standard procedures, which are not grounded on research findings, might be called a shot-in-the-dark approach to marketing.

A focus group consists of around nine consumers who are alike along some dimensions relevant to the product to be discussed. The discussion is directed by a moderator who tries to keep the conversation on the topic but acts primarily to assure that all participate and no one individual dominates. The moderator sets a tone of acceptance, furthered by the group anonymity, where the consumer feels encouraged to express his view. The advantages of the relaxed atmosphere of the group interview include: candid expression of opinions, spontaneity (as opposed to the fixed coverage of a formal interview) and reactive comments. To establish rapport the consumers of the group need to be similar enough to feel at ease in discussing the issue with each other. Focus group research is a preliminary exploration of the consumer's world. The findings are not generalizable, but the ideas raised can be used in further quantitative studies. The focus group discussion provides the

marketer with the consumer's point of reference which can be used to design a relevant survey tool.¹²

A focus group discussion was undertaken as part of this analysis to exemplify for sponsors an approach to filling in the gap of information they face. In May of 1982 four^{*} minority elderly tenants of subsidized housing in non-traditional minority areas, were convened to discuss their housing search and choice processes. The group met from 1:30 to 3:30 on a weekday afternoon, in the community room of an elderly housing building centrally located. (None of the participants actually lived in the building which had the positive effect of making the meeting an afternoon out.) Transportation to the site proved to be a large obstacle. The city of Boston free Senior Shuttle service and private drivers picked up and returned the participants. Refreshments were provided and the group approved the taping of the conversation. All four of the participants were elderly black women who had resided in their present homes for spans ranging between five years and five months, and had previously lived in minority communities. The moderator was a black woman in her mid-twenties with interviewing competence and an easy-going manner.

The outline the moderator worked from covered four general topic areas:

- A. Housing Search Process,
- B. Product,
- C. Lifestyle, and
- D. Minority Concerns.

Below the findings for each are discussed. This reporting represents an analysis from the participants' comments, mixed with some direct

* Nine participants were scheduled but five could not attend when the day came due to unexpected conflicts and poor health.

quotations to let the consumers speak for themselves.

A. Housing Search Process

The two factors that surfaced at various points in the conversation as primary influences on the consumers' decision to relocate were: health problems and concern with safety. Several of the individuals mentioned maneuvering stairs to their old apartments was a major difficulty, while others had more serious ailments that required specially equipped residences. The issue of street crime in the old neighborhood was mentioned several times. The participants spoke of their fear of vandalism, of people becoming friendly to later gain entry to their homes, and feeling confined to their homes at night. One participant voluntarily confirmed the same fears to be true for other minority elderly she knew. Other factors which were mentioned include: a change in life cycle -- children moved out leaving the participant with a larger place than she could use; racial incidents in old neighborhoods; and changing social composition of old neighborhood.

A general impression emerges from the consumers' conversation of a somewhat "passive" search process. All of the participants were assisted in locating their new residences by a third party. It seemed they had expressed desires to relocate to friends and relatives but had not actively taken on a search, or their doctors had suggested they move.

A: I was planning on finding a place to move to because there was a change in the area. This friend of my daughter's mentioned to me about the building in Town-A.

This particular informal exchange of information occurred through a chain

of acquaintanceship. The friend mentioned, lived in a subsidized family development in Town-A and heard about the plans for the elderly development before it opened up. The other group members heard of the particular residences they live in through a personal contact with the Council of Aging in Roxbury, a doctor and hospital social worker working with the Boston Council of Elderly and a doctor working with a state hospital worker.

When queried about media as a source of information, a unanimous response was that 'they don't put that type of information (when applications will be taken) in the newspaper.' In regard to the possibility of employing T.V. and radio advertisements, a favorable response was received. The picture painted by the participants about information flow on subsidized housing openings in general, was that it is a process shrouded in mystery.

B: [Tells about development put up on next block from her.]
I asked everybody where do you get the applications.
Nobody knew until all of a sudden the place was all
filled up. Nobody knows until it's too late.

(Also interesting, was the related experience of people known to the participants not applying because of the length of the waiting list.)

Some of the particular concerns the participants had before moving included:

- Their children's access -- one woman turned down an opportunity because it would have involved her children driving through the Callahan tunnel, an inconvenient auto route, although for one participant this was definitely not a consideration since her children were re-locating around the region themselves.
- A perception that the suburban community would be hard to get around in and was 'way out there' (although this participant

finally decided it would be better than the situation in her old neighborhood.)

- A general lack of information about areas before moving in.

For most of the group the first visit to the site had an important effect on their attitudes. As one explained:

B: ...Then when I came to see it, Oh, wasn't it beautiful!

Another visited before applying, and others formed positive impressions on first visits, the day of applying.

B. Product

All four participants are satisfied with their present residences and some features in particular:

A: I was accepted. Oh, joy! I love it over there. I'm glad I decided to try it...I can't believe it even now that I'm there. I really love it. We (A and B) are very lucky...I feel fine (safe) walking around....

B: I love it out there. It's quiet...we have great accessibility. [Description of access to stores, banks, and MBTA line, how convenient elevator in building is.]

C: I love my place, it's very quiet, right on the ocean. [Description of routine of fishing off pier across the street] I think I'm blessed. I leave my house and I don't worry about anything but my flowers.

The one drawback mentioned was the lack of an immediately accessible supermarket. But the participants found the van service and package carrying adequate to meet this need. An unanimously affirmative response was given to the question of whether or not they would recommend their present residence to their friends:

A: I would, sure.

B and C: Yes.

D: Yes, I really would.

One aspect of the product not directly identified as a positive feature by the participants, but judging from conversation, considered such, is the pleasant manner of the building managers. One participant mentioned coming to the group despite not feeling well in order to avoid letting the manager, who asked if she would participate, down. During conversation the participants all mentioned incidents where the friendly assistance of the building manager had added to the quality of their lives.

C. Lifestyle

One of the more surprising outcomes of the discussion was the lack of strong ties to the old neighborhoods. When asked whether they kept in touch, three replied they did not, except for one, who had a particular friend who visited. The fourth did return to her neighborhood to attend church services. In general the view expressed was that the children and families of the group members were pleased with the living arrangements.

A: My children are very happy. They don't have to worry about me anymore.

C: Mine love it. They come and visit twice a week. I go stay with them on weekends.

New friends and ties had been established in the new residences.

D. Minority Concerns

In retelling their application process two of the participants touched on the fear associated with being the only minority applying.

One who was taken to the project by the Council of Aging in Roxbury made it clear that a group of people went to apply. Another told this story:

D: I came in (on application day) and I saw Mr. Smith^{*}
(an elderly black man) sitting up in there, looked
like he was about half scared to death,

thereby implying the fact that he was the only minority made him uncomfortable with the situation and reflecting that she took particular notice of his being there.

Participants expressed concern about the fact that other minorities who had applied were not selected and one participant noted each vacancy in her building was filled with a member of the area's majority group. Two of the participants could recall no encounter with discrimination and prejudice in their new areas and felt accepted in the building community and town.

B: Everybody's so beautiful and friendly and nice to us.
In stores...

A: I haven't had any problems. People are friendly.

The other two participants told of racial encounters with other tenants which were settled by the building superintendents' intervention and by the participants' own actions. In general these incidents were viewed as history. An attitude of 'you're bound to find some of that everywhere' was expressed by one member. These same participants added to the discussion about ties formed with other non-minority residents of the new residences.

A discussion started among the group themselves, included this exchange:

* Name changed for confidentiality.

C to A: Many of you out there?

A: There are six of us.

D: Same as ours.

C: No we have five.... [Discussion concluding with fact that one minority resident had moved.]

The members were aware of their minority status in the building and could count on one hand the total number of minority residents in their community.

E. Marketing Implications

The conversation among the group participants raises some important implications for sponsors marketing subsidized housing in non-minority areas to the minority elderly.

Channels of Information

Doctors surface as valuable resources not presently utilized. For many elderly, a doctor's appointment is one of their few social interactions. Doctors are aware of the elderly person's needs and some are willing to take active roles in matching their patient with the right housing. The effectiveness of newspaper advertising is seriously questioned and although TV and radio were supported by participants, it is not clear that they would be more effective in reaching the target group. The information channel is one of third party, not direct contact. The minority elderly seem to need some outside person they know to mobilize them into a relocation they have considered. Sponsors need to reach those who interact with elderly -- children, friends, and doctors.

Selling the Product

The issue of safety is of concern not only to the target group but also to their children. Developments in safe neighborhoods could capitalize on this feature in their marketing. The application acceptance process could draw more minorities if an open atmosphere was created. This seems to be done most effectively by having other minorities present, which might be accomplished by providing van service or having an integrated staff. Also, invitations to the site before applications are accepted, with transportation provided, could add to minority interest.

Other Information

The participants indicate that ties to children and family may not be as strong as generally believed. Children were shown to have ability to get where their parents reside. Further, children were re-locating in the region themselves, so parents do not necessarily tie themselves to their location. The elderly may be more adaptable to new places, new people, and integrated living than the common wisdom suggests.

The overwhelming satisfaction with their present living arrangements confirms the belief that low goal achievement may not reflect the minority elderly voting with their feet. What should be considered however, is to what extent this group is a self selected one in that it represents those who would be inclined to relocate and not the larger population. First, if this is so it still indicates some minority elderly should have the opportunity to find satisfying living environments, as this group has. Second, some evidence indicates this may not be the case. When asked the point directly the group felt many others would be, and are interested in such opportunities. At least one participant who had been at first skeptical and wary of the move, was later very content with her decision.

This case is particularly important in that it illustrates, once preconceived notions have been changed through actual experience, the minority elderly can enjoy living in quality suburban housing. Sponsors need to be sensitive to the wariness expressed and the leap of faith and flexibility shown by those who do visit or apply.

The positive communication that occurred at the group concluded with the participants exchanging addresses and phone numbers. All stated that they had a good time and would like to get together again. Management companies might take the lead in creating some support groups consisting of these elderly who have made non-traditional living choices so they can meet with other minorities in common situations to exchange ideas and have a social gathering.

In conclusion, the focus group can be seen as a successful endeavor. Three or four further focus groups would help to better delineate areas where sponsors should direct quantitative research or to give sponsors some innovative ideas to investigate. The findings of this small gathering are not meant as definitive guidelines for marketing efforts. They are however, an important first step in reaching a phenomenological understanding of the housing search and choice process of the minority elderly, and pointing out the applicability of marketing technology to social change efforts.

FOOTNOTES

CHAPTER FOUR

- 1 Interview with Tamara Cornier, Metropolitan Area Planning Council, Boston, MA, 3 February 1982.
- 2 Metropolitan Area Planning Council, Areawide Housing Opportunity Plan 1 (Boston, MA, 1979) p. 1-4 (Table 1.4), p. 1-6 (Table 1.5).
- 3 Ibid., p. 2-1.
- 4 Ibid., p. 4-3.
- 5 Ibid, pp. 2-7 (Table 2.4), 4-6.
- 6 Data Sheet Compiled by Equal Opportunity Department, Massachusetts Housing Finance Agency, 1982.
- 7 Metropolitan Area Planning Council, Regional Housing Mobility Program: Final Report and Appendix A (Boston, MA, 1982) pp. 5-4, 5-7, 2-2, 7-6.
- 8 David P. Varady and Bill Sutton, "The Utilization of Housing Cost Assistance and Social Service Programs by the Community Resident Elderly," Journal of American Planning Associations 47 (October 1981) p. 426.
- 9 M. Powell Lawton, Planning and Managing Housing for the Elderly (New York: John Wiley and Sons, 1975) p. 4.
- 10 U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Housing Search and Mobility, by Kevin I. McCarthy (Santa Monica, CA: Rand, September 1979) p. 4.
- 11 Robert Ferber, ed. Handbook of Marketing Research (New York: McGraw Hill, 1974) p. 2-133.
- 12 David A. Auger, Marketing Research: Private and Public Sector Decisions (New York: John Wiley and Sons, Inc., 1980) pp. 98-99.

CHAPTER FIVE

SYNTHESIS OF PERSPECTIVES: IMPROVING AFHM PRACTICES

This analysis began by acquainting the reader with the marketing framework. Subsequent exploration and discussion was geared toward filling out the dimensions of the framework relevant to the area of investigation, AFHM. Social marketing set out some of the convolutions unique to the adaptations of the framework to social change strategies and structured the AFHM exchange for easier examination. Study of the real estate industry's product, and marketing theory added a necessary level of familiarity. The details of the translation of AFHM legislation into government agency policy revealed points of congruency and gaping holes between the legislated program and the marketing framework. Finally, the data on the target consumer and the successful trial of a marketing research technique provided tangible evidence of the worth of the endeavor and the potential of the application. At this point, a synthesis of these perspectives is undertaken, within the marketing framework, as a precursor to the recommendation of reform measures.

Consumer Research

According to marketing theory a marketer needs an information base on the targetted market segment to guide the marketing program. The real estate industry follows this credo at two levels: marketing feasibility studies for proposed projects which profile target segments by magnitude and buying power, and the type of personal research sales

agents undertake when trying to match a consumer with a housing product. The AFHM legislation makes no provisions regarding market research and the real estate marketers have made no attempts to utilize the tools in which they are schooled in the AFHM process.

The AFHM problem has a defined target group and set product, which makes the research design task a straightforward one. The data compiled on the elderly minority consumer indicates housing sponsors may benefit from the program evaluation of government agencies who are concurrently working to understand and document the housing search and choice process of market segments. The focus group exemplifies a more unusual tool which could add much depth to research into the area of housing choice. Consumers were found to be more than willing to discuss not only their personal experiences, but also the more sensitive questions around the issue of race in American society. AFHM may be unlike other social marketing efforts in this regard. Although the data does not exist in a compiled state, the limited attempt in this analysis indicates that inaction is all that stands in the way of results.

Responsive Product Development

For exchange to occur, a product must meet some need, want, or desire of the consumer. Consumer-responsive product development is more apparent in the private sector of the real estate industry, than the subsidized sector. Since miscalculations of the consumer-product match can be very costly, developers must substantiate the demand for their product before financing will be approved. This responsive nature is also apparent in the resale exchange handled by brokers. The keen competition between brokers has fostered the refinement of practices to better suit and

thus draw consumers. The government subsidized developments, however, are shaped by factors far removed from consumers' expressed desires (and from those of minority consumers in particular). The market studies undertaken as part of the application procedure entail reporting housing need at an aggregate level. At no point are housing sponsors required to evaluate their proposals in terms of the consumer's preferences. Housing sponsors fail to accomplish this when trying to facilitate individual decisions as well. The importance of housing to all consumers dictates that a high level of personal interaction is necessary to adequately serve consumers. Housing sponsors generally are far removed from minority consumers and make no attempt to respond to the specific concerns of this group. In particular, the concerns of openness, isolation, and security go unaddressed. If minorities respond to the newspaper advertisements, sponsors take their applications. No special efforts are made (beyond advertising in minority media and contacting community resource groups), to serve this target group. The minority consumer considering a non-traditional residential choice lacks information (see pp. 111-12) on the locale of the developments and requires indications that the product will meet their desire to live as freely as majority group members. Sponsors fail to provide a process that adequately addresses these consumer concerns.

Part of the product development process is setting a price. For social marketers, it is pointed out, pricing largely revolves around minimizing consumer's expenditures of time and money. In the case of AFHM, sponsors' attention should be on the psychological cost of leaving a well-known area for an unfamiliar one.

Another lesson from social marketing applicable to the responsive product development stage of AFHM, concerns focusing marketing efforts on changing perceptions of a set product. While it is important for the agencies and sponsors to re-evaluate the existing process leading to the construction of subsidized housing in the suburbs, and to adjust to consumer's particular needs, social marketing suggests altering the consumer's negative perceptions of the product can better align the two. The focus group provides evidence to suggest this strategy is both called for, and plausible. Members of the target group have preconceived notions about the housing in suburban communities which are inaccurate and may prevent them from making the decision to re-locate in those communities. (One example which surfaced during focus group discussion, was a belief that the suburbs are hard to get around in without an automobile -- a perception which was not, in fact, true for the development under consideration.) Sponsors can take actions to clear away these obstacles by providing detailed descriptions of the communities and building services, encouraging site visits, and arranging for individuals with accurate information to be available to discuss the arrangements. Of course, the success of the responsive product development stage relies on the generation of thorough consumer research. Housing sponsors cannot be responsive until they decide to see the process from the consumer's point of view.

Communication and Distribution

The existence of a responsively designed product must be communicated to consumers and distributed in a manner providing consumers direct access. Communication strategies are aimed at establishing name recall and induc-

ing purchase. The real estate industry relies heavily on communication and distribution strategies to attract business. Both formal and informal structures are employed. AFHM legislation dictates that sponsors establish two channels of communication and distribution: advertising in minority newspapers and informing community resource groups.

The highly developed innovations of the real estate industry of promotion, public relations, and publicity remain confined to the communities of which housing sponsors are a part. Sponsors could build up a positive association with minority group members simply by practicing their usual techniques, in minority communities. This might include:

- sponsoring athletic teams
- donating supplies to non-profit causes
- purchasing raffle tickets
- distributing logoed promotional items, and
- sending press releases to minority newspapers, (which might lead to feature stories on the housing openings or the sponsor's activities).

Marketing to minority communities may not be as much of a new frontier as housing sponsors perceive it to be. The general practices of the industry have the potential to build positive images and establish communication channels within the minority community. In particular, the adage of meeting new people and using networking systems to generate referrals could prove fruitful. "Word of mouth" has been shown to be an effective communicator of housing opportunities.¹ For social marketers, such a channel is especially valuable because of the two-way exchange that can occur between the potential consumer and the channel source.² As with all housing consumers, the minority housing consumer makes residential choices fairly infrequently, so marketing efforts cannot rely on repeat behavior. The message must be constantly reinforced and there

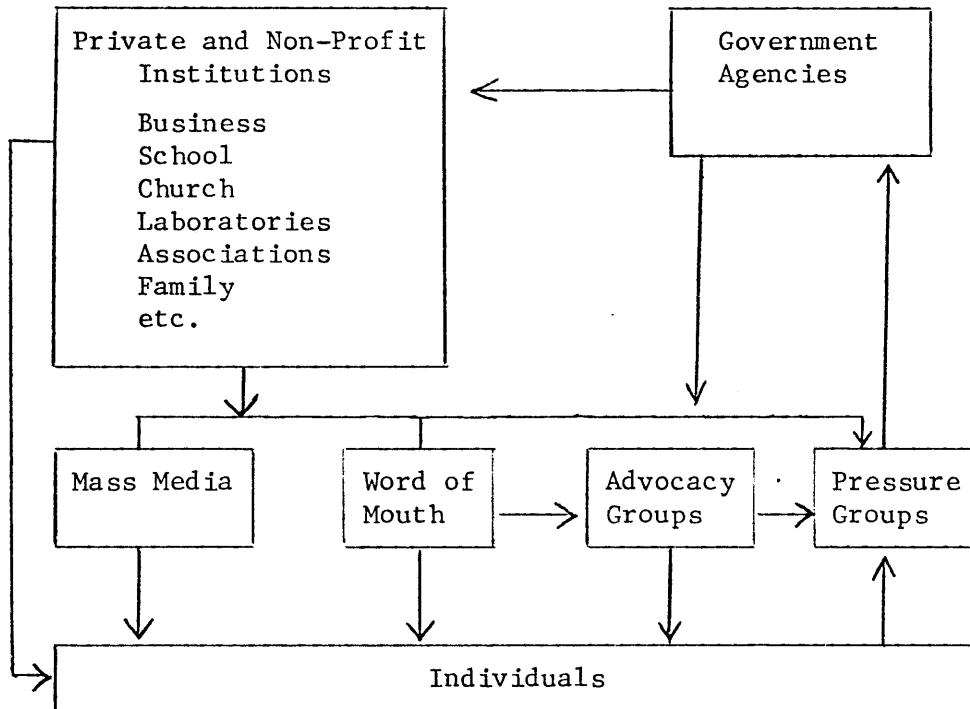
may be a lag in response time. Sponsors cannot expect to maintain open channels of communication simply by interacting with the channel members during periods of rent-up. The efforts need to be sustained over time to build credibility and maintain positive association. Sponsors should aim to establish a presence in minority communities which, eventually, would facilitate a more natural exchange.

In marketing to the minority consumer, sponsor's minimal efforts have suffered from their failure to realize that everything about an organization talks. As Kotler notes, customers form impressions of an organization from many company surrogates, including: physical facilities, employees, officers, and stationery.³ If housing sponsors were rated by these variables, their location in segregated areas, non-integrated staff, and lack of dealings with minority businesses could project a poor record with regard to commitment to integrated living and openness. This image can act as a block to credibility. The effectiveness of a channel of information is largely dependent on the trust the consumer places in the source. Further, congruity theory of social psychology suggests consumers act to balance out incongruent situations. That is, a negatively perceived source, promoting a positive message, is viewed as a less negative source promoting a less positive message. In sum, the message is not furthered.⁴

The channel structure presents the largest obstacle to profitable AFHM implementation. Exhibit Twelve diagrams the channel of distribution associated with the dissemination of concepts. This chart fits AFHM practices if: governmental agencies are conceived of as HUD or MHFA; private business as the real estate industry and housing sponsors; advocacy and pressure groups as fair housing organizations, community

EXHIBIT TWELVE

A GENERALIZED CHANNEL OF DISTRIBUTION FOR CONCEPTS



Source: Seymour H. Fine, The Marketing of Ideas and Social Issues (New York: Praeger Publishers, 1980), p. 116.

resource groups and minority lobbying associations; and individuals as minority housing consumers.

The HUD industry link has aspects of involuntary association. Sponsors undertake AFHM plans as a subcontractor to the HUD and MHFA effort to achieve integrated living areas. The sponsors themselves do not value AFHM implementation, independent of the program requirements. The profit sought by sponsors comes not from opening up suburban housing, but, rather, from constructing and renting housing to market specifications. This conflicts with corollary to one of Kotler's marketing exchange axioms which states, marketers undertake influence actions because the consequences are of value to them.⁵ Avoiding the sanctions serves as the impetus for practicing AFHM. This penalty, as opposed to incentive, system creates a weak point of linkage. The legislative sanctions are either too stiff, unenforced, or unenforceable.

AFHM legislation was enacted as a response to typical market behavior. The attitudes behind the traditional patterns of real estate marketing still exist, and obstruct the path to a state of open housing. Unlike business product channels, questions of philosophy and attitude are key in the delivery of the products of social marketing. Observers of social change efforts have recognized this:

When more than one change agent is employed it is important that they have a common understanding of the change agency's goals and objectives. If goals are not understood or similarly perceived, among different change agents, then their efforts may be poorly coordinated and possibly in direct conflict....Systems may be required to train channel gatekeepers or program employees and to audit their attitudes and performances to see that they clearly understand the policies and goals of the program.⁶

MHFA and HUD, EO personnel often find themselves in a confrontational situation with housing sponsors. Despite industry rhetoric,⁷ individuals have not adopted an attitude in support of affirmative action programs, especially those aspects of such programs which require them to exert unusual efforts. Until this link can be solidly formed, AFHM will suffer.

A second important connection of the diagram is that between the sponsors and the media, word of mouth networks, and community resource groups. It is similar in character to the government-sponsor link. Program requirements stipulate sponsors participate in a channel exchange with these groups, but do not adequately outline the nature of the interaction to occur. Sponsors do not initiate attempts at evaluating the effectiveness of their channel or investigating the possibility of employing other contact groups. Sponsors tend to separate their activities from those of the community groups. Marketers, however, act exactly opposite and try to cultivate relationships with their channel members. The lack of cohesiveness produced by the disassociation between the roles of the sponsor and community groups, decreases the impact of the channel system. The overall effectiveness of communicating and distributing accurate information and favorable impressions is decreased.

A striking feature of the overall information flow is that the most important point of contact between individual consumers and information sources gets performed by groups who are notoriously understaffed, underfunded, and pressed for time. Sponsors shift the responsibility of communication and distribution to social service agencies, without establishing a give-and-take relationship. Granted, these agencies gain in the exchange by fulfilling their service mission to their clientele.

But marketing theory would suggest a much stronger and mutually supportive relationship between sponsors and their channel operators is warranted.

References from the focus group interview provide some further insights into developing adequate communication and distribution strategies for AFHM efforts. These include exploring the formation of a channel through doctors serving the minority community, decreasing reliance on mass media forms, and concentrating efforts on inducing site visits prior to the rent-up period.

Feedback

In the competitive, fast-paced consumer market, the reflective step of feedback often receives little attention. While firms implicitly recycle their experience into future endeavors, a competitive edge is maintained by those who allocate budget resources to creating a formal structure of evaluation. For the real estate industry, the importance of feedback is mitigated by the non-repeat purchase pattern. Emphasis tends to be put on original inducements, not product satisfaction. The government agencies regulating AFHM implementation do not require sponsors to invest in a formal evaluation of performance or consumer follow-ups. The focus group participants revealed such inquiry could advance marketing techniques.

Individual sponsors should be required to assess the effectiveness of their marketing. Such an assessment might include determining:

How many inquiries come from which sources?

Why did people who had visited not apply?

Why did people who had applied turn down units?

What is the level of awareness of the housing among subgroups in the minority community?

What is the firm's image in the minority community?

What problems exist for consumers who have re-located into suburban areas?

The organized structure associated with government regulation of the industry sets up the potential for a reflective understanding at an industry-wide level. Sponsors could, in effect, compare notes on the potency of methods, and build a bank of experiential information. Given the fragmented character of the industry, such a pulling together seems unlikely. Agencies are situated to take on a coordinating role but suffer from the common social service agency afflictions of limited funds, staff, and time.

Summary of Recommendations

The application of the marketing framework to the AFHM problem involved comparing actual behavior with theoretical models of behavior. The findings can be summarized with the following recommendations for the actors in the AFHM process:

MHFA/HUD

- Educate sponsors as to the purpose of affirmative marketing and the agency goals, in order to facilitate channel functioning. Until members are of one mind, the channel flow will be inhibited.
- Require submarket-analysis of AFHM target population with initial applications and build consumer research into the AFHM planning process, in order to produce responsive products and strategies. The research may be undertaken by the agency or sponsors. Perhaps the best way would be to collect a research fee from each sponsor, and hire a marketing firm.

- Establish an intermediate level of sanctioning which the agency could effectively wield as leverage over sponsors, in order to add an element of control in the channel interaction. It is difficult to imagine what such sanctions would be, since the realities of enforcement do not augur well for any penalty. The best candidate is the presently most effective method of "harrassment."

Housing Sponsors/Management Companies

- Take the problem on as one of their own, accept responsibility and meet the challenge.
- Adapt traditional and modern real estate marketing techniques to the AFHM problem. In particular, this includes promotional activities, interacting at consumer level, and sustaining marketing appeals. Try to see the process from the consumer's point of view. Accept the fact that response may not be immediate and that the benefits of marketing build up over time and thus, marketing must be an on-going activity.
- Undertake consumer research, such as focus groups, in order to reach phenomenological understanding of the target group. Follow up this research with further documentation. Investigate the possibility of relevant information existing at different government levels, (e.g. MAPC has a slide show and brochure on the region which meets the consumer's need for information on unfamiliar areas).
- Forge better channel links with the appropriate organizations, in order to facilitate the flow of information. This requires viewing these organizations as an integral part of the marketing process and not separate entities.
- Initial information from the focus group indicates that such actions as having integrated staffs, site visits and credible individuals available to answer questions, could generate positive images and increase interest.

Community Organizations

- Interact with sponsors and work toward a mutually supportive relationship. Let sponsors know what information is needed, in what form.

A standard exists by which to judge the accuracy of these suggestions and the realities of implementing them. In 1975, MHFA EO personnel applied pressure to one large management company with a poor record of goal achievement. The company responded by designing an AFHM program.⁸ The dramatic change in the company's results suggests the approach warrants further investigation.

In brief, the steps and reasoning of the company's AFHM program as outlined by the company's vice president, are:

1. Contact town officials, churches, and civic groups of town where new development is planned to get referrals to minority group members presently residing in the town.
2. Invite these individuals for a social gathering with minorities residing in a nearby company development. This event would be a time of discussing the company's record and viewing the type of development and living atmosphere the company maintains.
3. Ask these individuals to be available to talk with potential new minority residents. (In this way, provide the consumer with a network of individuals in the new area with common concerns and first-hand information).
4. Ask the individuals in the new area and minority tenants in other developments to "spread the word" about the new units through their friends, churches, and stores.
5. Practice a judicious tenant selection process. Try to understand the applicant's situation and point of view, e.g. if the head of household would have to drive over an hour to work minimize the hardship involved, if possible, by offer-

ing a unit in a company development near to place of employment. Don't accept minorities who could be bad tenants just to meet goals, since this could undo the work already accomplished.

6. Maintain resident managers at each development, in order to have all tenant problems resolved quickly by someone with comprehension of the dimensions.

This system contains some of the elements this analysis has shown to be part of a marketing approach to the problem. The company seeks to understand the consumer and see the housing decision from the consumer's point of view, respond to the needs of the consumer, and work with, not against or apart from the members of their channel. However, it has limited application since it depends on the company having other developments to speak for their attitudes and performance, and requires a considerable investment of staff time. The vice president conceded that only a large company could follow the model successfully. Smaller firms and first time sponsors will need to be innovative in order to make up for their lack of established records and contacts. Again, consumer research can help to meet this need.

AFHM regulations were designed by non-marketers concerned with intervening in the traditional real estate marketing process. The legislative standard set up fails to structure the social goal effort along the lines a marketing approach would dictate. Thus, the effectiveness of social marketing as a field should not be judged by the performance of AFHM. The potential exists for refining the application of a technology developed by business to efforts of social change. Two difficulties associated with AFHM's social marketing nature, emerge as themes for this analysis:

- the tension between allowing for flexible, creative behavior while also needing guidelines and standards of behavior by which to judge regulated behavior,
- the constraints, omnipresent for social service agencies, of limited funds, staff, and time.

Despite the limitations, the structuring a market viewpoint brings to exchanges provides a systematic market-based approach, unlike one dimensional political, economic or social analyses. Those promoting social change should embrace promising new approaches, and employ them in the struggle for improving the quality of life for all members of society.

FOOTNOTES

CHAPTER FIVE

- 1 U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Affirmative Fair Housing Marketing Techniques: Final Report, Volume One, by Mark Battle Associates, Inc. (Washington, DC, 1976) p. 12.
- 2 Seymour Fine, The Marketing of Ideas and Social Causes (Columbus, OH: Grid, 1981) p. 114.
- 3 Philip Kotler and Sidney J. Levy, "Broadening the Concept of Marketing," Journal of Marketing 33 (January 1969), p. 13.
- 4 Fine, Marketing, p. 56.
- 5 Philip Kotler, "A Generic Concept of Marketing," Journal of Marketing 36 (April 1972), p. 49.
- 6 Gerald Zaltman, Processes and Phenomena of Social Change (New York: John Wiley & Sons, 1973), p. 192.
- 7 "The Affirmative Marketing Agreement: Good for the Country, Good for Business," Real Estate Today (September 1980), pp. 55-56.
8. In particular, Paul Rhuda, Vice President, designed the plan.

SOURCES CONSULTED

BOOKS:

- Anderson, W.C. Andy. Marketing Research for New Homes and Apartments. Haywood, CA: Associated Building Industry of Northern California, 1971.
- Auger, David A. Marketing Research: Private and Public Sector Decisions. New York: John Wiley & Sons, Inc., 1980.
- Berry, Brian J.L. The Open Housing Question. New York: Ballinger, 1979.
- Buskirk, Richard H. Principles of Marketing. 4th ed. Hinsdale, IL: Dryden Press, 1975.
- Cundiff, Edward W.; Govoni, Norman A.P.; Still, Richard R. Fundamentals of Modern Marketing. 3rd ed. Englewood Cliffs, NJ: Prentice-Hall, Inc., 1980.
- Falk, David, and Franklin Herbert M. Equal Housing Opportunity: The Unfinished Federal Agenda. Washington, DC: The Potomac Institute, Inc., December 1976.
- Ferber, Robert F. Handbook of Marketing Research. New York: McGraw Hill, 1974.
- Fine, Seymour. The Marketing of Ideas and Social Causes. Columbus, OH: Grid, 1981.
- Kain, John F. Race and Poverty. Englewood Cliffs, NJ: Prentice-Hall, Inc., 1969.
- Kain, John F. and Quigley, John M. Measuring the Quality and Cost of Housing Services. Cambridge, MA: Harvard University, 1969.
- Kelley, Eugene J. and Lazer, William. Social Marketing: Perspectives and Viewpoints. Homewood, IL: Richard D. Irwing, 1973.
- Kotler, Philip. Marketing Management: Analysis, Planning and Control. 4th ed. Englewood Cliffs, NJ: Prentice-Hall, Inc., 1980.
- Lawton, M. Powell. Planning and Managing Housing for the Elderly. New York: John Wiley and Sons, 1975.
- Marcus, Bruce W. Marketing Professional Services in Real Estate. Chicago, IL: National Association of Realtors, 1981.
- Milgram, Morris. Good Neighborhood: The Challenge of Open Housing. New York: W.W. Norton and Company, Inc., 1977.

- Mokwa, Michael, P. and Permut, Steven E., eds. Government Marketing: Theory and Practice. New York: Praeger Publishers, 1981.
- National Association of Realtors. Real Estate Sales Handbook. Chicago, IL: National Association of Realtors, 1979.
- Saltman, Juliet. Open Housing: Dynamics of a Social Movement. New York: Praeger Publishers, 1978.
- Schnare, Ann B. The Persistence of Racial Segregation in Housing. Washington, DC: The Urban Institute, 1978.
- Shenkel, William M. Marketing Real Estate. Englewood Cliffs, NJ: Prentice-Hall, Inc., 1980.
- Sheth, Jagdish M. and Wright, Peter L., eds. Marketing Analysis for Societal Problems. Champaign-Urbana, IL: University of Illinois, 1974.
- Vandell, Kerry D. and Bennet Harrison. Racial Transition in Neighborhoods: A Simulation Model Incorporating Institutional Constraints. Cambridge, MA: Joint Center for Urban Studies of MIT and Harvard University, 1976.
- Wilson, Franklin D. Residential Consumption, Economic Opportunity, and Race. New York: Academic Press, 1979.
- Yinger, John. Economic Incentives, Institutions and Racial Discrimination: The Case of Real Estate Brokers. Cambridge, MA: Harvard University, Department of City and Regional Planning, 1978.
- Zaltman, Gerald. Processes and Phenomena of Social Change. New York: John Wiley and Son, 1973.

PERIODICALS:

- "The Affirmative Marketing Agreement: Good for the Country, Good for Business." Real Estate Today (September 1980): 55-56.
- Gaudynski, Alan L. "Audit Your Company's PR Potential." Real Estate Today (December 1978): 5-7.
- Kotler, Phillip. "A Generic Concept of Marketing." Journal of Marketing 36 (April 1972): 46-54.
- _____ and Levy, Sidney J. "Broadening the Concept of Marketing." Journal of Marketing 33 (January 1969): 10-15.
- _____ and Fox, Karen A. "The Marketing of Social Causes: The First Ten Years." Journal of Marketing 44 (Fall of 1980): 24-33.

- Laczniak, Gene R; Lusch, Robert F.; Murphy, Patrick E. "Social Marketing: Its Social Dimensions." Journal of Marketing 43 (Spring 1979): 29-36.
- Larson, Andrea B. "Marketing Magic." Real Estate Today (September 1980): 42-49.
- Marcus, Bruce W. "Marketing Real Estate -- A New Perspective." Real Estate Today (April 1981): 60-63.
- McCracken, Valerie R. "Market Research and the Small Company." Real Estate Today (October 1980): 52-55.
- McKenna, Judith Schmitz. "Uncover Information, Solve Problems with Market Research." Real Estate Today (October 1980): 47-51.
- Onderdonk, Dudley. "Overcoming the Dual Housing Market Through Affirmative Marketing." Planning and Public Policy 4 (November 1978).
- Peterson, L. Kristelle. "The Singles Market." Real Estate Today (September 1980): 33-37.
- Rothschild, Michael L. "Marketing Communication in Nonbusiness Situations or Why It's So Hard to Sell Brotherhood Like Soap." Journal of Marketing 43 (Spring 1979): 11-20.
- Varady, David P. and Sutton, Bill. "The Utilization of Housing Cost Assistance and Social Service Programs by the Community Resident Elderly." Journal of American Planning Association 47 (October 1981).
- Willard, Edward H. "Measuring the Effectiveness of Advertising." Real Estate Today (October 1977): 42-43.

AGENCY REPORTS AND MEMORANDA:

- Carnahan, Douglas Lee. Residential Mobility: Ambivalent and Unexpected Stayers and Movers and Sources of Neighborhood Dissatisfaction in Chicago. 1980.
- Crockett, John. Competition and Efficiency in Transacting: The Case of Residential Real Estate Brokerage. Working paper for the Federal Home Loan Bank Board, Washington, DC, September 1981.
- Data Sheet Compiled by Equal Opportunity Department, Massachusetts Housing Finance Agency. 1982.
- Goodman, John L. and Govel, Mary. The Process of Housing Choice. Urban Institute, Washington, DC, 1975.

- Metropolitan Area Planning Council. Areawide Housing Opportunity Plan 1. Boston, MA, 1979.
- Metropolitan Area Planning Council. Regional Housing Mobility Program: Final Report and Appendix A. Boston, MA, 1982.
- Putnam, Glendora M. and Barbara Cushing Leavitt. Memorandum: Equal Opportunity Position Paper. Massachusetts Housing Finance Agency, Boston, MA, 23 April 1981.
- Report to HUD. "Occupancy Characteristics of Assisted Multi-Family Housing," by Amy Anthony Associates. Boston, MA, September 1981.
- Rules and Regulations. "Affirmative Fair Housing Marketing Regulations." Federal Register 44, 14 November 1975, p. 53008.
- Rules and Regulations. "Affirmative Fair Housing Marketing Regulations." Federal Register 44, no. 155, 9 August 1979, p. 47012.
- Sharpe, John G. Letter to John Crocket, March 8, 1982. Response to Competition and Efficiency in Transacting: The Case of Residential Real Estate Brokerage. Working paper for the Federal Home Loan Bank Board, Washington, DC, September 1981.
- U.S. Commission on Civil Rights. Equal Opportunity in Suburbia: A Report of the U.S. Commission on Civil Rights. Washington, DC, 1974.
- _____. The Federal Fair Housing Enforcement Effort. Washington, DC, March 1979.
- U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Affirmative Fair Housing Marketing Techniques: Final Report, Volume One, by Mark Battle Associates, Inc. Washington, DC, 1976.
- U.S. Department of Housing and Urban Development. Office of Policy Development and Research. Housing Search and Mobility, by Kevin F. McCarthy. Santa Monica, CA: Rand, September 1979.
- U.S. Department of Housing and Urban Development. Office of Policy Development and Research. Measuring Racial Discrimination in American Housing Markets: The Housing Market Practices Survey, by Ronald E. Wienk, Clifford E. Reid, John C. Simonson and Frederick J. Eggers. Washington, DC, April, 1979.

INTERVIEWS

Cornier, Tamara. Metropolitan Area Planning Council, Boston, MA.
Interview, 3 February 1982.

DiMatteo, Tony. Greater Boston Real Estate Board, Boston, MA. Interview,
28 April 1982.

McKrinky, Harry, Marketing Consultant. Lettermen, Inc., Boston, MA.
Telephone conversation, 22 March 1982.

Nedelka, Dolores, Public Relations Director. Foster and Foster Realty
Company, West Acton, MA. Interview, 26 March 1982.

Rhuda, Paul. Vice President. McNeil Associates, Inc., Dedham, MA.
Interview, 29 April 1982.

Rodriguez, Louise. U.S. Department of Housing and Urban Development,
Area Office, Equal Opportunity Division, Boston, MA. Interview,
13 October 1981.

Roop, William. McNeil Associates, Boston, MA. Telephone conversation,
22 March 1982.

Saunders, Frederick C. and Walters, Paula. Century 21 Saunders Realty,
Boston, MA. Interview, 5 April 1982.

Sharpe, John G., President. Lincoln Associates, Inc., Lincoln, MA.
Interview, 26 March 1982.

Statistician. U.S. Department of Housing and Urban Development, Washing-
ton, DC. Telephone conversation, 5 May 1982.