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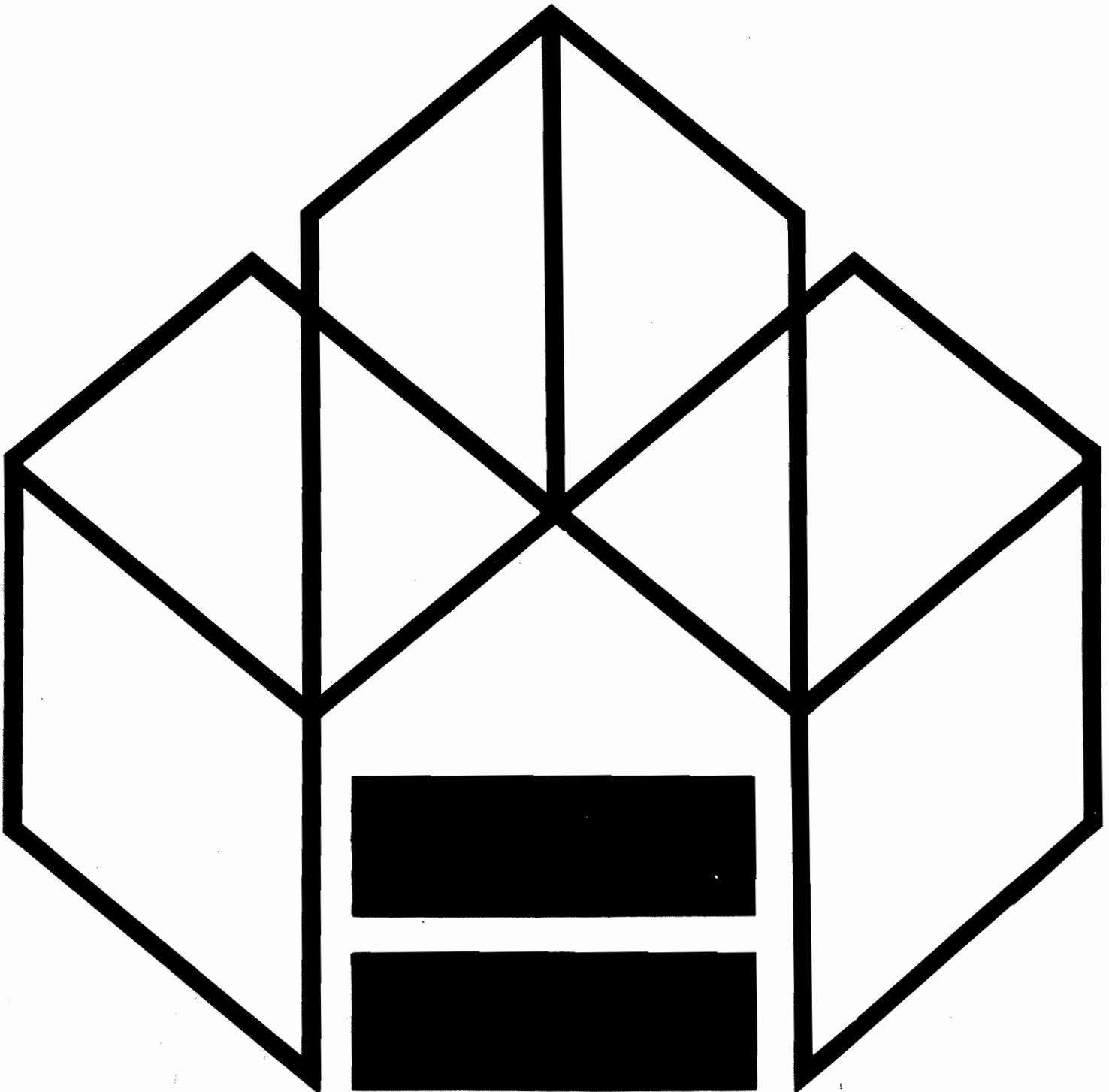
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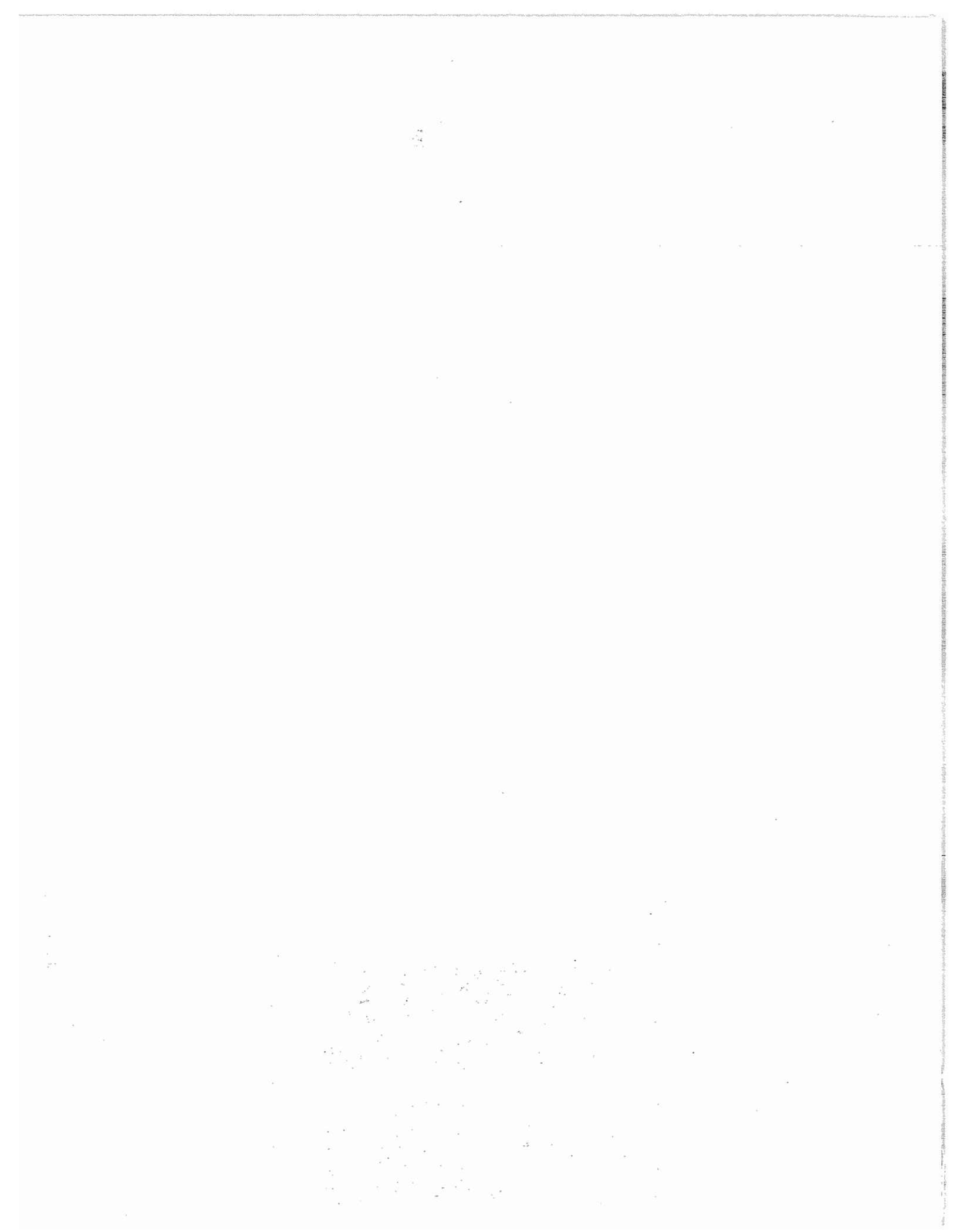
Developer's Guide To the Design and Implementation of Affirmative Fair Housing Marketing Plans

VOLUME II

ORIGINAL

U.S. Department of Housing and Urban Development
Office of Policy Development and Research
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Washington, D.C.

Contract H-2190R

Prepared for:
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Office of Policy Development and Research

Prepared by:
Mark Battle Associates, Inc.
with the Assistance of the
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INTRODUCTION

Responding to the lack of equal opportunity in housing for minority residents throughout the country, the federal government, in Title VIII of the Civil Rights Act of 1968, made it "the policy of the United States to provide, within constitutional limits, for fair housing throughout the United States." Discrimination based on race, color, religion, sex or national origin in the sale, rental and financing of housing throughout the country is expressly prohibited.

Among the major efforts undertaken by the federal government to expand housing choices was the adoption in 1972 of Affirmative Fair Housing Marketing (AFHM) Regulations by the Department of Housing and Urban Development (HUD). These regulations state:

"It is the policy of the Department to administer its FHA housing programs affirmatively, so as to achieve a condition in which individuals of similar income levels in the same housing market area have a like range of housing choices available to them regardless of race, color, religion or national origin."

"A like range of choices" has not existed in the past because of racially separated real estate markets. Generally, the message content of advertising, as well as the media selected to communicate housing opportunities in the past, serve to sustain the status quo of dual housing markets in the United States.

The AFHM regulations seek in the short run to arrest the extension of dual housing markets and ultimately to eliminate them completely. These

regulations require all developers of federally assisted or insured housing to market in a manner designed to attract "those persons who traditionally would not have been expected to apply for the housing," primarily blacks, Spanish-Americans, Orientals and American Indians.

While some progress has been achieved in expanding housing opportunities to minorities throughout the country, substantial improvement from current levels of access is considered possible by HUD through effective AFHM plans by builders.

The purpose of this manual, therefore, is to provide a guide to the design and implementation of effective affirmative fair housing marketing plans by developers/builders of federally assisted/insured housing.

It is recognized that important differences in housing market areas exist across the country. Because of this recognition, marketing planning, as discussed herein, does not consider alterations to certain less flexible elements of the marketing strategy for housing, i.e., pricing, financing terms, location, style and design. Although these variables are clearly within the scope of marketing strategies, the nondiscriminatory portrayal or application of such variables will enhance sales or rental opportunities for all home-seekers. Where no discrimination is found, these variables are not a necessary component of affirmative marketing planning.

Developers should take a total view of market opportunities, including those that lie with minority homeseekers. The AFHM plan, though directed toward a distinct market segment, should therefore complement the total marketing plan.

This manual contains three chapters. Chapter I addresses fundamental issues involved in the process of marketing housing. The second chapter provides guidance in developing affirmative marketing plans. In Chapter III, a guide to the criteria used by HUD to evaluate affirmative marketing plans is presented. The Appendix contains the affirmative marketing regulations and a copy of the AFHM plan form which all developers of federally assisted or insured housing must submit to HUD for approval.

CHAPTER I

MARKETING PLANNING IN HOUSING

Marketing planning is the development of a set of coordinated, interrelated decisions designed to achieve specific marketing objectives. The decisions constituting the plan ideally reflect the results of marketing research about factors affecting demand for a given product, such as: competition; consumer behavior; purchasing power and income; legislation; social change and lifestyle.

More specifically, marketing planning for a housing development entails devising a marketing strategy for implementation in a unique set of circumstances. It involves deciding:

- o What type of housing product should be offered
- o What the price of housing should be
- o What financing terms will be offered
- o Where housing will be located
- o What housing style or design will be available to purchasers
- o What information should be given to purchasers or renters
- o Which media should be used to convey advertising messages

The basic input for decisions regarding the above factors comes from answers to market research questions on the following topics:

- o The socioeconomic characteristics of the area e.g., income levels, family size, density patterns, unemployment levels, etc.

- o The characteristics of potential purchasers/renters of the available housing, or "Who constitutes the target market?"
- o The number of families in the target market
- o The median income level
- o The types of housing that target consumers presently reside in
- o The public or private transportation available or conveniently accessible to the target consumer
- o The median monthly price paid for housing by the target consumer
- o The prevailing lifestyles of the target consumer

Marketing planning in housing should also reflect the special nature of the product and the decision process associated with the purchase or rental of housing. Because the housing decision involves perhaps the largest of regular expenditures the average consumer makes, it is an important decision which is generally approached carefully. Market planners, therefore, should focus on the variables in the consumer's decision-making process as the target of any marketing program.

Typically, the consumer will evaluate the following types of variables:

- o Price or rent
- o Value received
 - neighborhood or apartment amenities
 - property appreciation
 - transportation facilities
 - shopping facilities
 - delivery of municipal services
 - personal safety
 - quality public schools

- o Prestige, status or "image" of neighborhood
- o Perceived life style in the area
- o Distance to the center of economic and social activity
- o Perceived freedom to occupy and use the premises without harassment (particularly significant for minorities)

The nature of the housing decision suggests that the consumer is predisposed toward caution and is likely to seek extensive information about the purchase or rental before a final commitment is made. The housing decision is not, therefore, a quick, impulsive one; it is slow and deliberate. As a consequence, advertising and promotion do not generally induce an immediate purchase or rental decision. Rather, the effect is to stimulate awareness of the housing opportunity and induce a visit to the project. The housing purchase or rental decision is made after the available unit or model is actually seen and its characteristics are fully explained to the consumer's satisfaction.

What does all this mean for affirmative marketing? First, all factors relevant to making a decision by the homeseeker should be fully understood and reflected in the marketing plan--from advertising and promotion decisions to the makeup of the sales staff and their personal selling techniques.

Additionally, since the model home or apartment is the point at which decisions are most heavily influenced, the marketing program should

assure sales and/or property management staff are prepared to effectively respond to predictable consumer information needs. Sales and/or property management personnel can generate consumer impressions critical to the "yes" or "no" decision. The image produced by the staff should reinforce that produced by other aspects of the marketing program. For instance, the absence of minority persons from sales or management staffs or, indeed, an unfriendly salesman of any race might cause the minority purchaser or renter to question "equal opportunity" claims or intentions.

In brief, the housing purchase or rental decision takes place along a marketing continuum, specific aspects of which should be addressed by affirmative measures to assure target group sales.

CHAPTER II

DEVELOPING THE AFFIRMATIVE MARKETING PLAN

An affirmative marketing plan is that part of the builder's overall marketing program that is designed specifically to appeal to persons who traditionally might not seek housing opportunities in neighborhood areas historically of a racial or ethnic concentration different from their own. The HUD regulations cite blacks, Native Americans, Spanish-speaking Americans and Orientals among such persons. The affirmative marketing plan derives from the need to assure that housing opportunities, wherever located, are made available to all who are eligible for federally assisted housing or who otherwise can afford housing at market prices. This applies to both the sale and rental of housing. The objective of affirmative marketing is to assure that all individuals of similar income have a "like range of choices in housing facilities."

As is true of all marketing plans, marketing research is the foundation of effective affirmative marketing plans. It is on the basis of research areas such as those referenced in Chapter I that the builder can come to know and understand the peculiar characteristics of the housing market area (HMA) in which he intends to do or is doing business.

On the basis of the market framework provided by the analysis of these market factors, the builder or owner can determine where his opportunities lie for marketing in general and for affirmative marketing. An appropriate

marketing strategy can then be devised to determine how to best reach that identified market. The following steps illustrate the process of developing the affirmative marketing plan.

STEP ONE: Definition of Target Group.

The target group is a function of where the housing is located. If, for example, the housing is located in a predominantly white area, the target group(s) will be those minority persons present in the housing market area (usually the SMSA) such as blacks, Spanish-Americans, Orientals, Native Americans, and other minorities discriminated against for reasons of race, color, religion or national origin. Conversely, if the project site is in a predominantly minority area, the target group will be whites and possibly other minorities. The presence, absence, or underrepresentation of a potential target group can be determined from a calculation of percentage representation based on census data for the HMA and for the particular census tract which includes the housing location.

STEP TWO: Definition of target group occupancy objective.

The target group occupancy objective established for a given housing project should bear some reasonable relationship to the group's representation in the

"specific market" for such housing as determined by income and/or eligibility for housing subsidy. It should also reflect the annual projected occupancy level of the project or subdivision. That is, the occupancy objective should be reflective of relationships among:

--the projected annual occupancy or sales level of the project or subdivision. This factor reflects the developer's own judgement about annual occupancy or sales.

--the size of the market for the housing being offered at a given price or rental range. This reflects the ability of consumers to afford the housing as determined by standard criteria used by lenders or landlords to ascertain credit-worthiness of potential home purchasers or renters. These criteria are:

- o Purchasers--typical mortgage equals 1.5 to 2.5 times salary. For example, a family earning \$15,000 annually would be part of the market for housing priced at \$22,500 - \$37,500. When given the housing price, the income range can be calculated by dividing the price by the salary multiple. The precise multiple used should reflect the current mortgage lending practices in the HMA, which may vary considerably from the typical.

- o Renters--monthly rent typically does not exceed one week's gross salary. Assuming a fifty-two-week work year, a family's annual income of \$15,000 would presumably permit monthly rent of \$288.12. When monthly rent is given, the minimum income category or range can be calculated by multiplying monthly rent by fifty-two. Most renters are currently paying up to 1 1/2 weeks rent in metropolitan areas.

The effective market for a specific development would then be households in the HMA with income characteristics meeting the criteria described above.

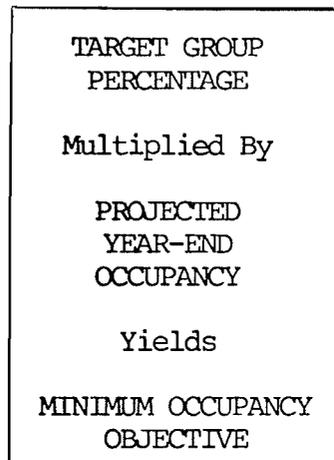
Assume 100 percent =	all households
20 percent =	all nonminority households meeting income criteria
10 percent* =	all minority households meeting income criteria
Then 30 percent =	Effective Market

* The number of blacks or Spanish-speaking families and individuals in a given income category is provided in the regular census reports. Similar information on Orientals is provided in special subject reports.

The target group percentage is therefore derived by dividing the effective market percentage by the percentage of eligible minorities.

10%	+	30%	=	33%
Minority households meeting criteria		All households meeting criteria		Target group percentage

To determine the minimum occupancy objective, the target group percentage is multiplied by the projected year-end occupancy level.



For demonstration purposes, assume projected occupancy of 90 percent and target group representation in the total effective market (based on income) of 33 percent.

The arithmetic would be:

.33	x	.90	=	.297 or 29.7%
Target Group Percentage		Projected Year- End Occupancy		Minimum Occupancy Objective

In situations where subsidies are involved, the effective market must be adjusted by the addition of families and individuals who qualify for housing assistance. The calculations are summarized below:

<u>Given</u>	<u>Total Households</u>	= 100%
All nonminority households meeting income criteria without supplements		= 20%
Plus additional nonminority households meeting income criteria with supplements		= 2%
Plus all minority households meeting income criteria without supplements		= 10%
Plus additional minority households meeting income criteria with supplements		= 4%
Equals EFFECTIVE MARKET		<u>= 36%</u>

Therefore

TARGET GROUP PERCENTAGE = all eligible minority households as a percentage of the total effective market
 = 14% ÷ 36%
 = 38.8%

Given

PROJECTED YEAR-END OCCUPANCY = 90%

Therefore

.90	x	38.8	= 34.9%
Projected year-end occupancy		Target group percentage	Minimum occupancy objective

If more than one target group is included in the market for the housing, the target occupancy objective should be reflective of the percentage representation of all such groups. For example, the 34.9 percent occupancy objective previously calculated might reflect the following:

Blacks	23.5%
Spanish-speaking	5.8%
Orientals	4.1%
Indians	1.5%
Total	<u>34.9%</u>

STEP THREE: Developing Advertising Strategy

Advertising and promotion are the focus at this point because other elements of the marketing strategy, such as price, financing terms, housing design and amenities, and location presumably are already committed. Three factors are critical in shaping the advertising and promotion strategy of the affirmative marketing plan. They are the advertising message, media selection, and budget adequacy.

1. Advertising message. Advertising in affirmative marketing of housing, as in general marketing of housing, has two fundamental objectives: (1) to stimulate purchaser or renter awareness of the housing opportunity and (2) to induce a visit by the purchaser or renter to model facilities. In meeting these objectives, affirmative advertising should convey basic information required by the prospective purchaser or renter for his decision making. Such information includes the housing purchase price or rent, financing terms, location, features and amenities. In addition to providing this information,

the message in affirmative marketing should address a set of concerns or apprehensions which assume greater significance for many target homeseekers. These apprehension.

or concerns include:

- Believability: doubt by minorities that housing being offered is really offered to them.
- Sense of isolation: feeling of being cut off from familiar social environments felt by both whites and minorities.
- Security of person and property: apprehension of physical attack and injury resulting from strong hostility to the presence of minorities and whites respectively, in white or minority communities.
- Status: apprehension by whites that they lose esteem among their peers if they move into a minority community, or by minorities that they may be perceived by their peers as having "sold out."
- Inferior community services: perception by whites that municipal services in minority communities are inferior to those in white communities.
- Life style and value differences: feeling by both minorities and whites that their presence, respectively, in white or minority communities will be incompatible with prevailing life styles, values, and morals.
- Police harassment: Apprehension among minorities of harassment from police unaccustomed to minority presence in white communities and reacting on the basis of stereotyped impressions.

Economic loss: concern by whites that economic risks are inherent in residing in minority areas in terms of house resale value, credit rating, employment and professional respect.

The above concerns are not universal and do not share equal priority among groups of homeseekers. The order of their importance will largely depend upon the racial and economic climate existent in the various housing market areas. However, while priority is not fixed, their presence as factors in the decision-making process is persistent.

Adequate treatment of these concerns may not be possible in the advertising message alone. To achieve the objective of inducing a visit to model facilities will often require support and reinforcement via direct mail campaigns and through contact with community leaders.

Table 1 presents alternative message or pictorial statements that may be used in advertising and promotion to address the concerns of both minorities and whites when either is offered an opportunity to choose a community of different racial concentration than their own.

2. Media Selection. Media selection in affirmative marketing should reflect awareness of the media exposure patterns of the target group and the traditional sources of information for particular products. The reading, listening or viewing patterns of individual

ADVERTISING MESSAGES AND TARGET GROUP CONCERNS

TABLE 1

Advertising Strategies and Messages	Target Group Concerns
Integrated Advertising	Isolation X
Minority and Whites Participating in Some Activity	Isolation X
Description of Security Measures and Procedures	Security X
Frequency of Police Patrol	Community Service X
Endorsement by Entertainers, Athletes, Community Leaders	Status X
Property Appreciation Values in Community	Economic Loss X
Similarities in Life Style	Life Style X
Availability of Facilities Characteristic of Old Neighborhood	Life Style X
Presence of Minorities on Police and Fire Staffs	Police Harassment X
Minority Interaction with Friendly Police	Police Harassment X
Distance in Familiar Placed Characterized in Minutes	Believability X
Description of Community Services and Their Frequency	Community Service X
Family Life	Life Style X
Description of Community Amenities	Life Style X

target groups are not limited to one medium despite a decided preference for a particular type. For example, although low-income households typically expose themselves more to broadcast media than to print, they are aware that housing information is predominantly and traditionally available in newspapers. Consequently, newspapers are the primary medium for housing information.

Minority purchasers and renters are not a monolithic market. The black middle class is likely to be characterized by media exposure patterns similar to its white counterpart, i.e., exposure to a variety of broadcast media as well as print.

However, a minority individual viewing a typical ad in a general circulation newspaper may not feel it is intended for minorities. When the minority individual sees the same ad in a newspaper with a predominantly minority circulation, "the medium becomes the message" and the target group member immediately assumes he would be a welcome prospect. However, the use of media with a predominantly minority audience does not guarantee that an adequate number of target group members are being reached. The size and income range of the medium audience frequently makes such media useful only as supplementary techniques; use of this technique cannot substitute for an entire affirmative marketing plan.

3. Advertising and Promotion Budget: The advertising and promotion (A&P) budget should be adequate to satisfy the prospective home purchaser or renter's information needs about the housing offered and to induce a visit to the site. Although a precise estimate of the adequacy of the A&P budget cannot be generalized, a useful sense of what is reasonable given estimated sales may be obtained by relating industry expenditures to sales. Typically, standard marketing expenses for the sale or rental of housing amount to 4-6 percent of gross revenues. (An allocation of these expenses for homebuilders is provided in Table 2).

A&P allocations for affirmative marketing as a percentage of the total A&P budget should bear some reasonable relationship to the Occupancy Objective. That is, if the occupancy objective is 25 percent, then an equivalent percentage of the A&P budget directed toward achieving that goal is generally reasonable.

TABLE 2

Allocation of Homebuilders' Standard Advertising and Promotion Budget *

(Based on total A&P Budget equal to 2 percent of annual sales)

Advertising Media		50%
Newspaper	35-50%	
Radio	0-5%	
Outdoor	0-5%	
Direct Mail	0-5%	
Site Merchandising		25%
Signs		15%
Literature		5%
Model Facility		5%

* Adapted from William R. Smolkin, A Marketing Strategy for the Seventies for Small Volume Home Builders, p. 55
Expenditures for AFHM might vary considerably from this pattern-

However, for areas in which the patterns of segregation have been pervasive, a larger percentage allocation may be required to convince minorities that the housing opportunity is indeed "open."

STEP FOUR: Contacting Community Leaders

Community leaders and organizations can be very helpful in achieving AFHM goals and their support should be solicited and acquired systematically. Initially, a representative list of leaders, organizations, and employers should be compiled. This list should be divided into priority classifications as follows:

- o primary contact
- o secondary contact
- o tertiary contact

Classifications would be based on:

- o breadth of influence
- o size of immediate constituency
- o number of minority employees, members, etc.

Leaders, organizations, and employers classified as primary contacts should be personally advised of the housing opportunity, the affirmative marketing program and its purposes, and requested to publicize the housing opportunity to target group members.

Secondary contacts should be advised by letter of the housing opportunity and subsequently telephoned to personalize the contact.

Tertiary and other contacts should receive brochures and copies of advertisements.

At an appropriate point, all persons, organizations and employer contacts should be invited to visit the project site. The purpose of such a visit is to provide to the leaders an opportunity for personal inspection of the project. This will help to confirm advertising claims and suggest the seriousness of the builder's interest in minority occupancy.

TABLE 3
MONTHLY MARKETING PERFORMANCE

PROJECT _____ SIZE _____
SPONSOR _____

AFHM MARKETING EVALUATION AREAS	JAN.		FEB.		MARCH		APRIL		MAY		JUNE		JULY		AUGUST		SEPT.		OCT.		NOV.		DEC.		
	EST	ACT	EST	ACT	EST	ACT	EST	ACT	EST	ACT	EST	ACT	EST	ACT	EST	ACT	EST	ACT	EST	ACT	EST	ACT	EST	ACT	
OCUPANCY																									
AFHM																									
OVERALL																									
MARKETING EXPENDITURES																									
AFHM																									
OVERALL																									
ADVERTISING FREQUENCY																									
AFHM																									
OVERALL																									
COMPLIANCE																									
COMMENTS																									

TABLE 4

QUARTERLY MARKETING PERFORMANCE

PROJECT _____

SIZE _____

SPONSOR _____

AFHM MARKETING EVALUATION AREAS	January - March Year _____		April - June Year _____		July - September Year _____		October - December Year _____	
	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual
OCCUPANCY								
OVERALL								
AFHM								
MARKETING EXPENDITURES								
OVERALL								
AFHM								
ADVERTISING FREQUENCY								
OVERALL								
AFHM								
COMPLIANCE								
COMMENTS								

SAMPLE AFFIRMATIVE MARKETING PLAN *

I. Market Situation: The market situation in the model HMA is characterized by accelerating economic activity, increasing employment, and rising income and household formation. Market research suggests low-income housing is urgently needed. We therefore are offering housing priced in the \$15,000 - \$20,000 range.

The HMA population is 995,024, approximately 60 percent white and 40 percent minority. In the income range of families capable of affording the housing with federal assistance, minorities constitute approximately 33 percent of the market, calculated as follows:

10%	÷	30%	=	33%
minority households meeting criteria		all households meeting criteria		target group percentage

II. Definition of Target Group(s)

As a result of an analysis of area census data, the target groups for this project will be blacks, Spanish-speaking and Orientals.

III. Minority Occupancy Goal

Our estimated annual minority occupancy goal is 29.7 percent calculated as follows:

*Represents a supplement to, and not a substitute for, the AFHM Form.

33%	x	90%	=	29.7%
target group percentage		projected year- end occupancy		Minimum occupancy objective

Based on representation in the eligible income range, the composition of this goal is as follows:

Blacks	20.0%
Spanish-speaking	6.6%
Oriental	<u>3.1%</u>
Total	29.7%

This proportion properly reflects the minority composition of the market for the housing we are offering in this HMA.

IV. Racial Climate

Blacks in this HMA are largely segregated in several communities consisting largely of very modest single-family homes, not unlike those being marketed by this plan. Aside from their newness, these \$15,000 - \$20,000 houses would offer little incentive for those seeking more commodious accommodations. However, the location of the offered houses greatly improves access to employment in nearby aircraft plants and related industries. This will be emphasized in advertising. The high school serving the new housing has been prominent in the news recently because of harassment of minority students who are bused there for racial balance. This negative image should be countered with information on rapid increase of minority residents and anticipated change in the ratio of school enrollments. The Spanish-speaking

segment of the target group will find the offered housing very attractive because it is located in the vicinity of existing Spanish-speaking communities which provide church and other institutional access.

V. Advertising and Promotion

- A. Strategy statement. To achieve general and affirmative occupancy goals, we intend to employ major general newspapers as the primary media with support from radio and minority newspapers. These efforts will be reinforced through contact with selected community leaders via both direct mail and personal visits (see section IV below).

- B. Message Content: Our fundamental message is that the consumer of our housing seeks maximum value for his housing dollar, unburdensome financing terms, and an environment characterized by harmony among diverse racial groups, personal security, and exciting activities familiar to and enjoyed by all members of the community. This message will be adapted to meet anticipated resistance in the black community by countering negative images with specific, offsetting emphasis on positive features.

C. Media

1. Newspapers

(A) The Early Morning Journal has a circulation of 200,000 daily with an exposure to our target group of 77 percent. It is the majority newspaper with the highest circulation in the HMA.

(B) The Evening Sentinel is the second largest general newspaper with a daily circulation of 80,000 and a target group exposure of 47 percent.

(C) The Weekly Post Dispatch is the largest and only minority print medium in the HMA. Circulation is 24,000. The exposure rate is 35 percent of the target group. Our plans call for heavy concentration (daily coverage, 1/8 page) in the initial three months of operations; subsequently, ads will be run only on weekends, (only 1/16 page). Weekly Post Ads will run 1/2 page for three months, 1/8 page subsequently, for a total expenditure of 26 percent of print budget. Copies of all ads are attached.

2. Radio

(A) WYXX is the most popular general radio station; it has coverage throughout the entire HMA. Its programming is oriented towards the 25-45 age group.

(B) WXYX is an emerging FM station offering jazz programming to a mixed audience including members of the target groups.

(C) WXZZ is a black-owned station catering to the black population. Plans for spending approximately 45 percent of broadcast budget at WYXX, 25 percent at WXYX, and 30 percent at WXZZ.

- D. Direct Mail. Our direct mail campaign includes three mailings. In the campaigns, the fundamental advertising message will be conveyed to selected community leaders. The direct mail will be augmented by personal appearances before no less than five community groups involved in housing in the HMA.
- E. Budget. Our budget amounts to 5 percent of estimated revenues. Of this amount, 30 percent is directly or indirectly channeled toward target group members. Considering the coverage of minorities in the general audience media used plus use of the 100

percent minority media, we feel this amount fully reflects the competitive situation in our HMA and will be sufficient to all minority and general consumer information needs. The breakout of the total budget is as follows:

- o Newspaper 50%
- o Radio 5%
- o Site Merchandising 25%
- o Direct Mail 5%
- o Literature 5%
- o Signs 5%
- o Model Apartment 5%

VI. Community Contacts. The basic role of our community contact program is to be supportive of the advertising and promotions effort. Our primary contacts are:

- o The Community Housing Agency
- o Several Neighborhood Improvement Organizations
- o Doctors and other minority leaders
- o Independent Motor Company
- o HMA Electronics -- the major employer

Secondary Contacts are:

- o NAACP
- o Urban League

Tertiary Contacts are:

- o Black Church
- o Local Community College
- o Spanish Church

CHAPTER III

HUD EVALUATION CRITERIA

Affirmative marketing plans presented for approval are evaluated by HUD equal opportunity personnel. The evaluation of affirmative marketing efforts is continuous and occurs in two phases:

- o Phase I, AFHM Plan Approval
- o Phase II, Monitoring of AFHM Plan Implementation

PHASE I

In Phase I, the principal objective of the evaluation is to reach a judgement as to the probable achievement of target group occupancy goals.

The key areas of inquiry are:

- o Identification of target group(s)
- o Target group occupancy goal(s)
- o Message content of advertising and promotion materials
- o Media selection
- o Capability of the developer to implement his plan
- o Rental or sales staffing policies

Target Group Identification

The primary HUD interest in this area is whether the correct target group(s) has been identified. Judgement as to whether the correct identification has been made will be based on the distribution of racial or ethnic groups in the neighborhood or project area.

The target group(s) will be those racial or ethnic groups least represented in the neighborhood or project areas as determined by current census data.

Other key factors in target group identification are:

- o If more than one minority group is present in the HMA or SMSA, each group is to be targeted for affirmative marketing.
- o If the housing project area is in transition from the predominance of one racial group to that of another, target selection should be made on the judgment as to which group will be least represented once transition has stabilized.

Target Group Occupancy

The target group occupancy objective is key to HUD goals of achieving "a like range of choices" and a major point of interest in AFHM plan evaluation. The criteria with respect to occupancy objective is "reasonableness" as judged in the light of the target group representation in the specific market for the housing being offered.

Use of the formula explained in Chapter III will be helpful in complying with the "reasonableness" criteria.

Message Content

The HUD objective in message content evaluation is to determine:

- o the presence of sufficient information required by the purchaser or renter for making his/her decision.* In addition, evaluators will be concerned about the presence of clear appeals to target groups.

* Chapter II, Marketing Planning in Housing, elaborates on the homeseeker's decision-making process.

- o the presence of code words or pictorial statements that might dissuade a potential buyer or renter from visiting the project premises for one of several reasons, such as those presented in Table 1 of Chapter III.
- o the believability of the advertising claim and theme.
- o the presence of the HUD logo or equal opportunity statement.

Media Selection

The HUD interest in media selection is to:

- o assure that the media selected to communicate the general and affirmative marketing messages are significant sources of information for the target group(s). An exposure level of 50 percent is the minimum acceptable level by HUD evaluators.
- o assess whether the image of the media is credible in terms of the potential receptivity of the target group(s) to messages conveyed through it.
- o determine whether the advertising scheduling in the media coincides with the times of the year during which purchasers or renters historically change housing.

Implementation Capability

Preparation of an effective AFHM plan is futile unless there are sufficient resources to support its implementation. The HUD objective in examining budget resources supportive of the plan is to insure that such resources are adequate to accomplish the objectives of the plan, not to induce any specific level of spending.

The standard industry criteria of a marketing budget amounting to 4-6 percent of gross estimated sales is a useful guideline to follow. This amount can be lower or higher depending upon conditions in the HMA.

Allocation of the total amount to specific marketing expenditure areas will also be evaluated. Figure 2 is a useful guideline for determining an acceptable allocation.

Rental or Sales Staffing Policies

The staffing policies used by developers can be very important for assuring a successful affirmative marketing plan. The plan should articulate the nondiscriminatory hiring policy of the firm and efforts used to recruit both minority and nonminority sales/rental staff. The plan should also indicate the measures taken to assure that all sales personnel are fully knowledgeable of and comply with the applicable local, state and federal fair housing laws and regulations. Plans not clearly articulating the policies for providing compliance instructions, guidelines and/or training to employees will not be approved by HUD.

PHASE II

Phase II involves monitoring the implementation of the plan to assure that the plan is being carried out as stipulated. In addition, it concerns determining whether the plan is effective in meeting AFHM objectives.

The primary indicator of whether the plan is effective or not, of course, is whether the occupancy level is achieved. Evaluation of target occupancy goal achievement will take place in the context of overall occupancy performance. If the overall occupancy objectives are being achieved, the

presumption will be that the general marketing plan is effective. On the other hand, if the overall objectives are not being met, the opposite result will be presumed. In the context of the success or failure of the general marketing effort, the AFHM plan will be evaluated.

When HUD determines that a plan is producing inadequate results, inquiries will focus on the following:

- o Has the appropriate target group been identified?
- o Is the message content adequate with respect to purchaser or renter decision variables and credibility of claims?
- o Does the message offend that target group?
- o Are the media selections appropriate for delivering the intended message?
- o Is there a need for additional media coverage?
- o Should the advertising frequency be increased?
- o What alternative strategies might be effective?
- o Are other elements of the marketing mix (price, location, etc.) impeding the AFHM plan?
- o Are the staffing policies in compliance?