

MaineHousing's popular first-time homebuyer program needed help.

The second quarter is usually a strong one for MaineHousing mortgages because of the start of the spring and summer home buying season – but not in 2009. MaineHousing's First Home mortgage program all but stalled with only 14 loans purchased (down from hundreds the year before).

Potential first-time homebuyers were sitting on the fence. Softening real estate values, volatile energy prices, national press about predatory lenders and foreclosures, and worries about economic stability were taking their toll. The lure of the federal tax credit for First Time Homebuyers was not enough to get many homebuyers into the market – especially those with only limited resources to cover down payment and closing costs.

At the same time, skittishness about housing related investments in the bond market meant that MaineHousing had to offer higher interest rates to sell mortgage revenue bonds – meaning that our corresponding mortgage rates were no longer competitively below market rates.

In effect, MaineHousing was facing a substantially smaller mortgage market with a product that could not compete.

Over the span of just a few short weeks, MaineHousing developed a product concept and a related media campaign that dramatically turned its program around, gained tremendous support from our lending and real estate partners, and helped in the recovery of Maine's real estate market.

MaineHousing began drafting the concept for the Gift of Green product in May. The Gift of Green campaign was launched June 18 and resulted in 283 loans in the pipeline in July – an increase of 128% over the month before. By the end of the year, MaineHousing purchased 865 mortgages and had another 353 loans in the pipeline – a strong production showing in a state with relatively small population of first-time homebuyers. Typically, MaineHousing's program makes about 1,000 loans annually.

The Gift of Green promotion

The Gift of Green promotion itself was relatively simple:

- A grant of up to \$5,000 to help with down payment, closing costs, or prepaids.
- A coupon worth up to \$500 for a two-part home energy audit.

The Gift of Green was offered with MaineHousing's zero point mortgage option, which includes a low fixed rate, low down payment, and payment protection for unemployment.

The campaign message was designed to link substantial financial incentives available from the federal First Time Homebuyer Tax Credit and tax credits for home energy improvements with financial incentives offered by MaineHousing.

The campaign also addressed head on those issues keeping homebuyers on the fence – limited savings to cover down payment and closing costs, and anxiety about markets and the economy – including energy price volatility and job security. As the collateral material stated:

With the Gift of Green, you may qualify for total incentives of \$15,000.

Add the Gift of Green financial incentives of up to \$5,500 to the federal First-Time Homebuyer Tax Credit worth up to \$8,000. This, in turn, lets you invest in home energy—efficiency improvements that may qualify for additional federal tax credits worth up to \$1,500. The combination of financial incentives through the Gift of Green and federal tax credits could add up to \$15,000 and a once-in-a-lifetime opportunity.

. . . MaineHousing mortgages even come with payment protection for unemployment.

Campaign components

The campaign itself included several components:

- ***A proactive press strategy***, including: a press conference that featured the Governor, MaineHousing’s director, and representatives from key trade associations; a press release; and personal outreach to key television and print reporters.
- ***Co-branding with partners***, including: an electronic web sticker of the Gift of Green logo for partner websites that linked back to product information on MaineHousing’s website; an electronic postcard for lenders and real estate professionals to share with customers; hard copy flyers that in effect were both sides of the e-postcard on an 8 ½ by 11 page; hard copy postcards; and targeted outreach through trade associations.
- ***Online marketing and social media***, including: a landing page on MaineHousing’s website with branding and messaging that built on and further explained messaging in other advertising; a flash panel on MaineHousing’s home page that linked to the landing page; personal outreach to organizations with websites reaching the target market; promotion on MaineHousing and trade association Facebook pages; and paid advertising on Facebook.
- ***A statewide radio campaign*** on 19 stations that was designed to achieve five impressions per targeted customer in a three-week run. Of the traditional media options, MaineHousing chose a one-minute radio ad as its focus because of the ability to cost-effectively reach a largely rural, statewide audience in a very short amount of time.

The various online, electronic and print pieces were tied together with a consistent visual – a logo, designed to resemble a “stamp.”

MaineHousing handled the product design and most of the campaign copywriting and messaging in house.

Development of the Gift of Green logo and web sticker, the radio ad, and e-postcard/flyer and the media buys were outsourced.

Total (outsourced) cost of the campaign was \$55,500, with about 80% of the cost covering the radio media buy. Production cost for the radio ad was \$1,800. Production cost for the logo and related collateral pieces (including printing) totaled about \$8,000.

A key to the campaign’s success was the active and enthusiastic support for the program from Maine’s lending and real estate communities. We collaborated with representatives from the Maine Association of Realtors, Maine Association of Community Banks, and Maine Credit Union League – on product design and

name, advertising copy, and distribution of marketing materials. These trade associations not only offered helpful ideas, but also played a strong role getting the word out and distributing collateral materials to their members.

The campaign's success in helping Maine families become homeowners and energizing Maine's housing market became apparent almost immediately.

In June, for the first time in many months, Maine's real estate industry reported selling more homes in 2009 than they had sold in 2008 over the same period.

"We have seen a big impact on first-time homebuyers," the Director of the Maine Association of Realtors said in a July newspaper article. "It's both the federal tax credit and the incentive the Maine State Housing Authority has put together that has really increased activity."

The Gift of Green turned MaineHousing's first-time homebuyer program around virtually overnight. In the two weeks after the program announcement, participating lenders reported receiving applications for 77 loans, five times the number of applications in the previous two months.

The number of new loan originations reported by participating lenders jumped 685%, from 91 in the second quarter to 714 in the third quarter. In the fourth quarter, MaineHousing purchased 646 mortgages (\$80.4 million) from participating lenders, an increase of 4,514% from the 14 purchased (\$1.6 million) in the second quarter.

The Gift of Green ultimately was successful because it was tailored to market conditions. The federal tax credit alone was not enough to overcome homebuyer anxiety about a softening real estate market, volatile energy prices, and economic security. The Gift of Green addressed all of these issues together in an integrated campaign.

Collateral material included:

- **Press release.** The press release was distributed in conjunction with a press conference and was widely picked up by print media, electronic media, and television.
- **Gift of Green logo and web sticker.** The web sticker was accessible for partner websites using html code that pulled the image from MaineHousing's site, leaving control of the image with MaineHousing.
- **Electronic postcard.** This was distributed by email through lender and real estate trade associations for partners to share with consumers. It also was printed as hard copy for partners who preferred it.
- **Hard copy flyer.** Design costs were minimal, because in effect it was both sides of the postcard.
- **Gift of green landing page.** The address of this page was used in advertising. It served as a gateway to more detailed information.
- **Flash panel.** This was featured on MaineHousing's home page and linked to the landing page.
- **Radio ad.** This was an effective way of reaching a largely rural population spread across a wide geographic area.