



Advisory Council Spotlight: Tom Landgraf, Dimension Development, LLC



In this Advisory Council Spotlight we introduce Tom Landgraf, principal at Dimension Development, LLC, and a lecturer at the University of Wisconsin–Madison School of Business Real Estate and Urban Land Economics. Dimension Development is an affordable housing financing consulting firm that partners with nonprofits, community development authorities, and public housing authorities to structure and obtain a variety of funding sources. Tom is serving his first term on the Advisory Council.

In addition to your role at Dimension Development, you are a lecturer at the University of Wisconsin–Madison School of Business Real Estate and Urban Land Economics. Is affordable housing on the “radar” of college students? How do you think they may eventually influence the industry?

Quite definitely, yes. Most of the students in my real estate classes are graduating seniors, a.k.a. the “Millennials.” Based on demographic and preference research that has been done, Millennials do not appear to have a problem moving back home in the absence of the right job or to simply save some money on the cost of housing. They do not mind living in smaller apartments or homes, but they do demand more personal space. They prefer denser urban housing to less dense suburban settings, have a good understanding of the impact of housing on long-term community stability, will graduate with an unprecedented amount of student loan debt, grasp the concept of using the planet’s limited resources more effectively, will wait longer to make homeownership decisions, will likely have smaller family sizes, and will wait longer to start families.

This generation just may be the group that redefines the term “affordable” by expanding it from the typical rent-plus-utilities concept to “can the planet afford to build and operate this housing, and can the community/neighborhood afford the impact of the housing?” The triple bottom line—or the Three P’s of real estate—will come into greater focus: Planet, People, and Profit. Each of the P’s has an affordability threshold that will likely change.

Dimension Development has consulted on a number of affordable rental projects in rural communities. What are the unique challenges of those projects? Are there also unique opportunities?

As we have come to appreciate, changing the financing aspects of housing has more to do with making it affordable than changing the cost to build it. The most effective affordable housing financing tools, such as Low Income Housing Tax Credits and the Affordable Housing Program (AHP), are allocated based on point scoring. The point scoring concept is challenged with how to effectively differentiate between urban and rural lifestyle preferences, economic realities, costs, location options, amenities, social-community services, etc. Trying to fit the realities of specific rural housing affordability needs into the larger funding process will continue to be a challenge. There isn't a one-size-fits-all; there aren't even a dozen sizes that fit most.

Wisconsin has a population of about 5.4 million living in 1,851 cities, towns, and villages. Forty-eight percent of the population lives in only 2.5% of these cities, towns, and villages. While there are obviously some typical rules of thumb that govern housing development in smaller settings, scoring criteria are challenged to accommodate the tremendous differences between the rural and urban housing development processes. The challenges of these housing development processes are quite clear. There are a great many opportunities to think outside the box, which our staff are continually exploring.

You recently completed your first year of service on the Community Investment Advisory Council. What was your biggest “a-ha” moment?

I would have to say it relates to gaining a more detailed understanding of the regulations governing how the various Federal Home Loan Banks must administer the Affordable Housing Program. I had been under the impression that much of this was established at the level of each individual FHLBank. I have been surprised to learn how limited the FHLBC is in some aspects of the AHP process implementation. There are discussions at the national level to explore how the respective FHLBanks can better fashion the program to meet the needs of the communities served; however, until changes are put into place, the FHLBC is about at the limit of its flexibility to address many of the issues discussed above.

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