



Atlanta Urbanist Book Group

Blighted: A Story of People, Politics, and an American Housing Miracle By Margaret Stagmeier

The Atlanta Urbanist Book Group met Dec. 6, 2023 to discuss *Blighted: A Story of People, Politics, and an American Housing Miracle* by Margaret Stagmeier. Stagmeier is managing partner of a real estate investment firm that invests in affordable housing and founder of a nonprofit to help tenants with education, health care and economic security issues.

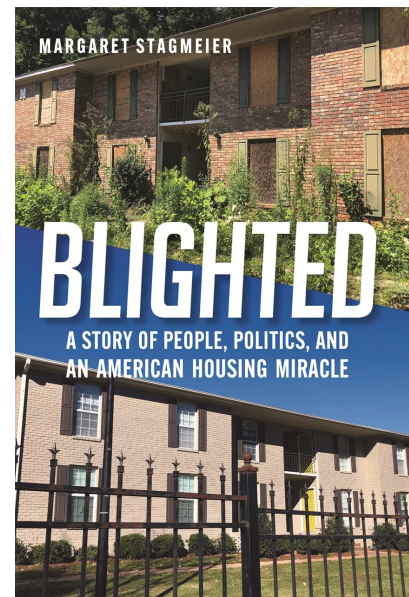
She is, in other words, a good landlord.

The book is about her experiences in apartment management and ownership. It focuses on one property, a 244-unit apartment complex near Cleveland Avenue in south Atlanta called Summerdale, and Stagmeier's efforts to turn it into decent, safe housing for families who work at jobs earning \$15 an hour. Basically, the working poor.

It is a unique perspective from which to talk about affordable housing, that of a well-motivated landlord. And the book lays out the challenges she faced—financing a multimillion-dollar investment, restoring badly damaged buildings, creating policies that weed out bad tenants and encourage good ones to stay, hiring good staff, maintaining the property—all before she could turn her attention to keeping rents low enough that people with modest incomes could afford them.

Three lessons from this book shine through:

- First, the critical role that financing plays. Stagmeier was able to buy Summerdale in 2018 and restore it to decent housing because she found investors who did not insist on maximum returns for their money.



- Second, the role of landlords. Many things must work together for privately owned housing to be both decent and affordable, and at the center of these things is the landlord. Important question: Where could we find more landlords like Margaret Stagmeier?
- Finally, the connection between large apartment complexes and the schools that serve them. This was something Stagmeier had learned before buying Summerdale. But she makes clear how she went about creating a bond between these apartments and the elementary school nearby—for the benefit of both.

Four Big Ideas

The Atlanta Urbanist Book Group highlights ideas from books that we think could make Urban Atlanta better. Here are four “big ideas” drawn from *Blighted* that we think Urban Atlanta could benefit from:

1. Local and regional leaders should see the opportunity that large apartment complexes offer for solving affordable housing problems. There are many apartment communities in Urban Atlanta built in the 1960s and 1970s. If maintained and managed well, these aging complexes could be great places for families with modest incomes. If allowed to deteriorate, they will become enormous liabilities.
2. The key is to attract good landlords and patient investors. State and local leaders should use incentives, regulation and recognition to encourage investment in aging apartment complexes while insisting on good property management.
3. Schools are deeply influenced by those living nearby; apartments are deeply influenced by the schools their residents’ children attend. This is a clear opportunity for collaboration and mutual benefit. We need principals and landlords to learn how, working together, they could help solve each other’s problems.
4. As the book makes clear, governments themselves do some things that push rents higher, from delays in permitting and glacial eviction processes to building codes and other regulations that do not keep tenants safer but add to cost. Beginning with local governments, we need leaders to work with good landlords on strengthening the good regulations, ending bad ones, and speeding up permitting and legal processes that push rents higher. Eventually, we need state and federal governments to do the same.

Why Do These Things?

Stagmeier helps us see the opportunities in aging apartment complexes and some of the obstacles that frustrate good landlords. But should Urban Atlanta’s cities try to help these private interests? We think so. Here’s why:

- We have a growing affordable housing problem. Because of their size, these aging apartment complexes could contribute a large share of the solution.
- Stagmeier offers some ideas about how governments could help. And here’s the best part: With government vigilance and a little help, private interests could play a major role in supplying decent, safe affordable housing.
- We need this housing. Urban Atlanta is growing. And while we need housing for affluent workers, we also need housing for people making the minimum wage or just above. This housing exists; we need to make sure it is decent and safe.
- A surprising number of Summerdale’s tenants were multigenerational families. With an aging population, we will need for housing that works for everyone from grandparents to parents to small children. These apartment complexes clearly work for multiple generations.
- There are positive externalities that come from improving the maintenance and management of large apartment complexes. The book focuses on one of them—how a well-run complex improves the

schools nearby. But it offers glimpses of other benefits: Public safety, transit and neighborhood retail could all benefit from apartments where tenants are secure and reside for many years.

- Finally, there's the cost of doing nothing. Stagmeier points to what Summerdale paid in property taxes the year before she bought and renovated it: \$28,574. She totaled up the municipal services—including police and other emergency calls—the complex received that year. It came to \$1,031,800. Anything a city could do to help good landlords improve these properties and decrease their demands on public services would be well worth doing.

What Are the Obstacles?

Even the most worthwhile changes create opposition. That's true even for something as desirable as providing housing for the working poor. So our members discussed some of the obstacles or barriers the big ideas might face in Urban Atlanta. Here are some:

- The keys to making aging apartment complexes into providers of safe, decent apartments for working-class families are finance and housing management. These are not things local governments have much experience in.
- If they did take on these issues, it is not clear exactly what local governments could do to help good landlords.
- Financing of apartments is a complex business. Even with help from nonprofits, government agencies and motivated investors, Stagmeier had trouble assembling the money to buy Summerdale. Since she did so in 2018, interest rates have risen sharply, meaning the opportunities for similar financing packages has shrunk.
- There are many citizens who would rather tear down aging apartments and redevelop them as market-rate housing than renovate them so they could remain affordable.

Ways Around the Obstacles

These are difficult obstacles. Here are some ideas our members offered for overcoming these barriers:

- These apartment complexes already exist. We don't have to build them; we need to focus on ways of making them better.
- The ways of making them better are made clear by the book. There *are* good landlords. There *are* ways of financing multifamily housing that can serve the working poor. The question is: What can governments or other civic interests do to encourage good property managers and direct more financing toward them?
- Some of it may be as simple as recognition. This may involve a housing advocacy group that names the best affordable-housing landlords in Urban Atlanta and celebrates their work.
- And we could be more creative with financing. Many companies in the Atlanta area need workers who make \$15 an hour. Could they help finance the housing their workers need? The companies would earn a return on their investments and retain valued workers while helping their employees.
- We need many parts of local government to play a part in providing safe, decent affordable housing. The public schools are potential partners. But so are others, including the police and courts. The book makes clear that Stagmeier needed the police to deal with criminals who had taken residence at Summerdale before she bought it, terrorizing other tenants. What else could the police do? What could other public agencies do to help good landlords?

A Synopsis of *Blighted*

Blighted is 359 pages, not including preface, acknowledgements, notes and index. It is divided into three sections and an epilogue. There are 31 chapters.

Stagmeier is managing partner of a real estate investment firm which has purchased, renovated and managed 3,000 affordable-housing apartments in the Atlanta area. In 1998, she founded a nonprofit to help tenants with education, health care and economic security issues.

The book focuses on one of Stagmeier's projects, a 244-unit apartment complex near Cleveland Avenue in south Atlanta called Summerdale.

When Stagmeier's company bought Summerdale in June 2018, it was, as the title suggests, "blighted."

And by this, she means several things:

- Summerdale was in serious disrepair. Some units had been so badly damaged by age and neglect that they were boarded up. Others needed repairs and renovation but were unrented because of a long maintenance backlog. As a result, fewer than a third of the units were occupied in the older parts of the complex.
- It was a source of frequent police calls and was an open marketplace for drug sales.
- Some of the tenants, surrounded by crime, neglect and chaos, had slipped into what Stagmeier calls a "blighted mentality" with housekeeping practices that fed the complex's rampant vermin and insect infestations.

This combination would have daunted anyone else, but Stagmeier had learned some things about affordable apartments before buying Summerdale.

One was how poorly some of these apartment complexes were managed, which explained how they fell into blight. Poor tenant screening allowed in tenants who made life difficult for the owners and fellow tenants. These renters were disruptive, poor parents, chronically late in their rent, terrible housekeepers — or a combination. Some were outright criminals.

But there were things other than bad tenants that got apartment complexes into trouble. Poor maintenance, lack of standards, occasional staff bribery and embezzlement, nonexistent security and threadbare landscaping could cause complexes to go downhill fast.

And then there was the neighborhood and, in particular, the schools nearby. If you wanted to change the tenant mix and attract families who would stay for years, schools played a big role. This got Stagmeier involved in elementary schools near her complexes.

Along the way she learned important things about school success: that the most successful schools tended to be those with the least turnover in their student bodies during the year, what she calls the "transiency rate." This rate was often connected to apartments nearby. Well-run apartments with longtime tenants created low turnover for schools. If apartments improved, then, so did nearby schools. And if the schools improved, it helped apartment owners keep their own turnover low. It was a virtuous cycle.

Over the years, Stagmeier had been so struck by this connection between schools and apartments that she created and helped fund a nonprofit that offered free after-school programs in her complexes and worked closely with neighborhood schools.

And these experiences and insights led her to Summerdale. She was looking for a "Class C" apartment complex that was so dilapidated and poorly managed that it could be bought inexpensively and, even with extensive rehabilitation, offer rents for anyone making \$15 an hour. If she could do that, it meant she

could offer a decent, safe apartments for \$730 a month in rent, not including utilities. (Average monthly rent in Atlanta in 2018 was \$1,350.)

And she wanted one in walking distance of a school that would be willing to work with her on an after-school program. She found such a school in Cleveland Avenue Elementary a few blocks from Summerdale.

The first third of the book explains Stagmeier's interest and background in affordable housing, what she had learned about making housing work for the working poor, how she came to buy Summerdale and what she found there. The second section is about the people of Summerdale and the neighborhood. (Most of the tenants were decent and hardworking, but some were not. Among them was a drug kingpin who lived in Unit D-12, whom she profiles using criminal records and her own brushes with him.) The final part is about her often hair-raising efforts to run off the criminals and disruptive tenants, and keep the good ones as she renovated apartments and started an after-school program.

In brief, it took about a year and a half to stop the lawlessness, change the tenant mix (while keeping rents affordable), and restore most of the apartments. But there were many complications. Not the least of them: Just as the turnaround was showing progress, Covid-19 hit. Many tenants lost their jobs, the restoration work was slowed by supply-chain problems, and Stagmeier's beloved after-school program was closed for months.

In the end, Stagmeier and her staff overcame these problems, thoroughly rehabilitated Summerdale (the before and after photos are striking), changed the tenant mix so that families stayed and disruptive renters and criminals left, helped bolster Cleveland Avenue Elementary, and kept rents as low as possible.

In the epilogue Stagmeier offers a list of solutions that she says could help well-motivated developers and landlords create more affordable housing. For the most part, her list amounts to things governments do today that she wishes they wouldn't. Examples: city governments' slow and confusing permitting processes; courts and district attorneys who release drug dealers from jail within days of arresting them (allowing them to return to the apartments where managers had worked with police to have them arrested and evicted); eviction processes that dragged on for months allowing irresponsible tenants to live rent-free. All of these things, she writes, cause rents for hard-working tenants to go up, something these families cannot afford.

As you read *Blighted*, here are some questions you may want to consider:

- Did this book make you more optimistic or less optimistic about our ability to offer decent, safe housing for the working poor?
- What did Stagmeier do in her effort to change Summerdale that you thought were important to her success? Did any of her actions give you concerns?
- Stagmeier focused on the relationship between housing and schools and how each made the other stronger or weaker. Are there other local institutions that could have a major impact on housing?
- In the epilogue, she catalogs the obstacles that local governments have created for affordable housing developers and landlords. What did you think of her criticisms?

About the Atlanta Urbanist Book Group

Our mission at the Atlanta Urbanist Book Group is to introduce new ideas to Urban Atlanta by reading recent books about cities, identifying the ideas we think would work in Atlanta, and offering civic leaders a guide to these ideas.

We define “urbanism” broadly. We are reading books about transportation, land use, housing, public safety, government reform, neighborhoods, social infrastructure, education, economic development, regionalism, diversity, politics, arts and culture, volunteerism, and more.

Our aim isn't to review books but to **show how their ideas apply to Atlanta today** and suggest ways of moving from good ideas to good actions.

You can learn more about the Atlanta Urbanist Book Group at atlantaurbanist.com.