

Testimony of
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“The Rent East First”: How Renters and Communities are Impacted by Today’s Housing Market

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Chairman Brown, Ranking Member Toomey, and members of the committee, good morning. Thank you for the invitation to testify today and share my story. My name is Darion Dunn. I'm the Managing Partner of Atlantica Properties, a company that I started with my younger brother and business partner, Trenton Dunn. Atlantica Properties is a real estate investment and development firm with a mission to empower individuals by establishing thriving, holistic communities. I am a member of the Atlanta Apartment Association, the Georgia Apartment Association and the National Apartment Association.

I was born and raised in Atlanta, GA by parents who taught me that "home" is more than a place – it is an ideal. I graduated from Georgia Tech where I studied Civil Engineering and Economics, and it was during those formative college years that my passion for real estate and affordable housing was set into motion.

I knew at an early age that I wanted to help shape the world's built environment. So, I've dedicated my life's work to creating and preserving affordable housing. After acquiring my first rental property over 20 years ago, I have since participated in the ownership, management and development of nearly 1000 housing units. I know that expanding affordable housing in our nation is possible and critical to solving our housing affordability challenges, but the government, at all levels, must empower, not restrict housing providers from doing what they do best, providing places to call home for our residents at all income levels.

My company is able to offer affordable rents in part because we have a thoughtful, long-term approach to property ownership. We have owned many of our rental properties for over a decade, while nearby properties have traded hands upwards of 5 times during the same period.

I'm fortunate to have built a successful real estate company that operates on an institutional level, yet I've never forgotten my humble beginnings as a landlord with very limited resources. I saved money from my day jobs for the down payment for single family rental homes and apartment properties. It's not surprising that the majority of rental homes and small multifamily properties in this country are owned by individuals or small businesses like mine. In fact, over 70% of tenants in the United States live in properties that have 20 units or less, including single family homes.

Although small landlords represent a large majority of the rental property industry, it is far too common for policy makers to overlook the contributions and struggles of this group of business owners.

My privilege and responsibility to provide housing to our residents includes keeping my business viable so I can continue to serve those that are most vulnerable to the ever-worsening-affordability crisis. Government actions that raise my costs or reduce my revenue, ultimately impact my residents and my ability to provide affordable housing.

Our tenants are our partners, and our business cannot exist without them. The symbiotic relationship between tenants and landlords was put on full display during the height of the COVID pandemic. The financial pain felt by tenants was ultimately felt by landlords, and vice versa. Fortunately, my company didn't have a large percentage of delinquent tenants during the pandemic like many others in my industry.

However, we did have tenants who were unable or unwilling to pay rent for extended periods of time, with the worst case being a current tenant that hasn't paid rent since October 2020. Local and federal eviction moratoriums prevented us from taking responsible legal action.

While we have fortunately been able to withstand these challenges, the majority of small landlords can't sustain these types of setbacks. Emergency rental assistance programs have been a welcomed safety net, although many housing providers have experienced significant delays in receiving these funds, due to challenges with local execution of the program.

Despite federal resources to help during the pandemic, the inventory of affordable housing is eroding as small landlords opt to or are forced to sell their properties. With supply already outstripped by demand, we cannot afford to lose these market players.

We need more mission-driven housing providers. So, I support business practices and public policies that strengthen the tenant-landlord bond, as opposed to those measures that pit one side against the other. Examples include lease insurance to cover property damage and lost revenue; reform of the Section 8 program; incentives to encourage housing preservation and conversion of unused commercial property to housing; and access to favorable debt and equity for non-LIHTC deals.

Evictions are a last resort, but we must ensure that moratoriums don't discourage vulnerable populations from paying their rent and building their credit. For example, our company doubled down on tenant financial literacy training during the pandemic. We educated tenants on the importance of avoiding eviction filings and creditor collections. We also implemented a program to report positive rent payments to the credit bureaus, which has led to 75% of our tenants improving their credit scores.

I will close by reiterating that to address our housing affordability challenges we must both increase supply and provide incentives to strengthen the tenant-landlord relationship. There is still time to restore the legacy of affordable housing in America, and I promise to continue my efforts to make the ideal of "home" a reality for generations to come.

Thank you for the opportunity to be here today. I look forward to answering any questions.