

## Developer H.J. Russell counts on variety for survival

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By Michelle E. Shaw

The Atlanta Journal-Constitution

When H.J. Russell & Co. developed and built the Historic Westside Village in 2006, no one at the company expected to have an empty grocery store and dozens of unsold homes on their hands four years later.



Brothers Michael and H. Jerome Russell didn't anticipate the dramatic downturn that hit Atlanta's housing market a year into their construction plans. No one did.

Now, with one of their signature projects struggling, the Russells are relying on their Atlanta-based company's varied lines of work -- residential and commercial construction, development and property management -- to weather the storm. This year, more than half of its business will be done outside Georgia.

"If we were purely a construction company in Georgia we would have been out of

business," said Michael Russell, chief executive of the company. "It is because we are so diversified that we are still here."

The brothers vow to not only survive the storm but come out stronger.

Founded by their father, Herman J. Russell in 1952, H.J. Russell & Co. has been a part of some of Atlanta's largest construction projects including 191 Peachtree, the Georgia Dome and the expansion of Atlanta's Hartsfield International Airport.

Five years ago, with the housing market roaring ahead, the company saw a redevelopment opportunity in Westside Village and the West End neighborhoods of Atlanta. Mortgage loans were easy to get and homes were popping up on every plot of available land.

But when the economy started to take a dive and jobs were being lost and home loans were nearly impossible to get, many builders -- like the Russells -- were left with massive inventory. In another blow this winter, Publix left the development.

A developer less committed to a community may have found a convenient way to pull out, said Ivory Young, an Atlanta City Council member whose district includes the development. He added that the Russell company's decision to stick with the Historic Westside Village and surrounding area will benefit the community in the long run.

"For many developers their decisions are based on business models, but for H.J. Russell what they do is much more than business to them," said Young. "And as times have gotten more and more difficult, they have gotten more and more creative."

The Russell brothers say the business model their father set up a half century ago helped chart a path through these turbulent times. They have cut costs, trimmed staff and are operating in a sort of survival mode to ensure the company is

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AJC File

Developers H.J. Russell & Co. and the Integral Group joined with the Atlanta Housing Authority to raze the Carver Homes public housing complex and in its place built a mixed-use, mixed-income community at the gateway to seven neighborhoods - The Villages.

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Jason Getz, jgetz@ajc.com

H.J. Russell & Co. CEO Michael Russell (left) and President H. Jerome Russell work hard everyday to make sure the company lives to fight another day. Among the group's most recent projects is the JC Young Middle School in Atlanta.

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in good shape when the economy bounces back.

The company now employs about 450 people nationwide. In 2009 the company had about \$180 million in revenue, down from a peak of \$230 million in 2008.

Major projects this year include work on a hotel and convention center, an airport expansion and a hospital, all in Dallas.

Multi-family residential construction was once the family-owned company's bread and butter, but over the last several years the company has been doing more non-residential building than ever,

Russell said

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The company has also planned and developed some of the projects it built. Russell New Urban Development, a wholly owned subsidiary of H.J. Russell & Co., was set up in 2000 to focus on development, said H. Jerome Russell, president of the company.

H.J. Russell & Co., also does property and program management in addition to construction. Property management generated about \$44 million last year, Michael Russell said.

Not only did the plan at Historic Westside Village not work out as expected, but the SkyLofts project in the West End neighborhood didn't turn out as they'd hoped. The developments are in neighborhoods that the Russells plan to continue to work in once the economy recovers.

"We still have a vision in both of those neighborhoods," said H. Jerome Russell. "There is still a lot to be done and we want to be a part of doing it."

Giving up just because times got tough was not an option, his brother said.

H.J. Russell's survival is important to more than just company stakeholders, said Vonda Henry, president of the West End Neighborhood Development.

"I lean on Jerome a lot for help with things in the neighborhood," she said. "We need them, not just as builders, but as contributors to the community."

The Russell brothers say giving back to communities is a responsibility handed down from their father, and one they take seriously.

"That we are still sustainable, into another generation is something I take a lot of pride in, and it motivates me," said Michael Russell. "And that is key for me when I'm doing things to make sure this business survives."