



the

# ORIGINAL VISIONARY

A stint at HUD early on inspired a commitment to housing and an extended shelf life for **TOM BOZZUTO** in the multifamily industry.

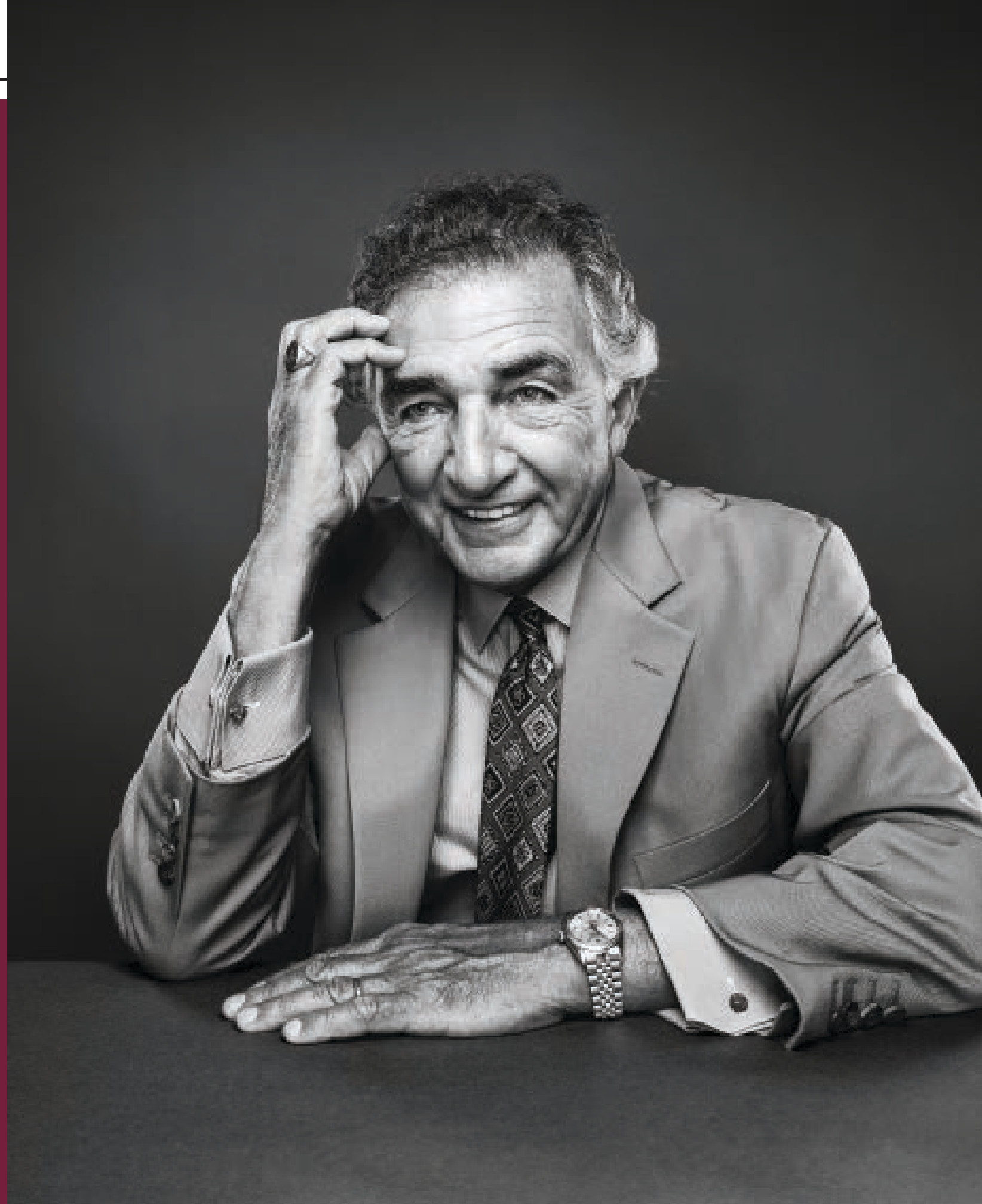
story by **LYDIA LEE**

portrait by **JEFF WOJTASZEK**

**I**f you have the opportunity to talk to Tom Bozzuto, chairman and co-founder of the Greenbelt, Md.-based company that bears his name, you may feel shelf-deprived.

That's because if you're a resident of one of The Bozzuto Group's apartments, you have a shelf outside your door so you can put your purse or bag down while you get your keys out. It's a small but thoughtful feature Bozzuto implemented in 1976 for the very first project he did as a new developer, an affordable housing project for the elderly.

"The gerontologist we worked with came up with the idea, and the residents loved it—some of them decorated it," recalls Bozzuto, who at the time was a development associate at the now-defunct Bethesda, Md.-based Oxford Development Corp. "My wife made me build one at our house."





Some 30,000 courtesy shelves later, the privately held company Bozzuto launched in 1988 continues to focus on the customer experience. One of the largest developers to also do third-party property management (the company ranks No. 12 on the 2018 NMHC Top 50 Managers list), the 2,600-person firm handles 70,000 apartment units, the vast majority of which are owned by others, and has had the highest online ranking among the country's 50 largest management companies for the past four years running.

Bozzuto's construction division is also substantial, building some \$500 million worth of mixed-use properties each year. And it's known as the developer of award-winning projects such as Union Wharf in Baltimore and Monroe Street Market in Washington, D.C.

"Tom's been an outstanding leader in our industry for 40 years," says Sue Ansel, CEO and president of Atlanta-based Gables Residential. "His passion and enthusiasm have created a loyal, dedicated organization of leaders focused on creating housing that's well integrated into the community, thoughtfully designed, forward-thinking, and reflective of careful stewardship of resources."

While the company's success is a testament to Bozzuto's business acumen and the team he's nurtured, his dedication to improving people's lives has been the driving force all along.

"He's valued by all for his wisdom, vision, and integrity," says Doug Bibby, president of the National Multifamily Housing Council (NMHC), where Bozzuto was chair of the board. Bozzuto was also tapped to serve on the bipartisan Millennial Housing Commission in 2000 to develop recommendations for a national affordable housing policy. (On this complex topic, he's in favor of increasing the housing voucher program, streamlining the low-income housing tax credit program, and, most important, reducing the regulatory burden on building, which adds 30% to the cost of development, according to recent research by the NMHC and the National Association of Home Builders.)

**HUSTLING AT HUD**

Growing up in the industrial town of Waterbury, Conn., in a close-knit Italian-American family, Bozzuto and his three

# "We didn't just want to be a developer, we wanted to be the best operator of apartments we could possibly be."

—TOM BOZZUTO

siblings would have noisy political debates at the kitchen table. Their father, Archangelo "Charles" Bozzuto, had the energy to argue even though he worked two jobs: the night shift at a brass mill and his own small business delivering heating oil. "He was very enterprising. He'd work all night long and then come back in the morning and deliver oil to his customers," says Bozzuto.

Tom Bozzuto didn't start out dreaming of becoming a business titan, though. During the turbulent mid-1960s, he majored in English at Hobart College in upstate New York, where he was active in the student protest movement and served as president of the student body. Fired up for a career in public service, he pursued a graduate degree in metropolitan studies at Syracuse University.

In 1971, after serving a year in Vietnam, Bozzuto started working for HUD in Baltimore. In his role as a multifamily housing representative, he was a liaison between developers of affordable housing and the government staff who issued grants.

Two years at HUD made Bozzuto realize he was temperamentally unsuited for a government career—"I didn't have the patience," he says. But toward the end of his time there, he had the chance to jump into action when the news went out that the

Bozzuto's Anthem House in Baltimore includes several shared spaces, including a library, sundeck, and a clubhouse.



Nixon administration was planning to end all housing production programs.

"A small group of us got very aggressive and worked overtime over the Christmas holidays, processing applications and getting approvals through," says Bozzuto. "It got to the point that I was investigated by the FBI—they were convinced I had some other motive for working so hard. But we were very committed to housing."

**DEVELOPING INTO A DEVELOPER**

After his stint at HUD, Bozzuto spent a couple of years working for a mortgage company in order to get a better handle on how housing was financed. In 1975, he joined Oxford Development to learn how to become a developer. In addition to the aforementioned shelf, Bozzuto helped pioneer the inclusion of washers and dryers in individual units.

"At the time, all the apartments on the East Coast had these awful central facilities [for laundry], often at the bottom of a stairwell," he says. "So I thought, 'Wouldn't it be neat to put washers and dryers into the units?' And the renters loved them. For years afterwards, it was the principal amenity that people valued."

Four years after joining Oxford, Bozzuto was confident enough in his own abilities to start his own development company with a friend. But the partnership didn't last, and Bozzuto returned to the fold. For more than a decade, he managed the firm's East Coast operations, developing affordable, market-rate, and mixed-income apartment projects.

Congress helped him gain independence when it made major changes to the tax code in 1986. At the time, Oxford's business model largely depended on packaging developments as tax shelters to Wall Street investors, but the revised code no longer provided those benefits. Meanwhile, Bozzuto had already started to experiment with joint ventures with institutions; as a result, his region expanded while the rest of the company struggled.

Eventually, Oxford agreed to sell the regional operation to him. Together, Bozzuto and three colleagues—Rick Mostyn, John Slidell, and the late Bernard Lubcher—managed to pull together the capital to start The Bozzuto Group in 1988.

**BUILDING A BRAND**

To differentiate itself, the company committed itself to prioritizing property management.

"We didn't just want to be a developer, we wanted to be the best operator of apartments we could possibly be," says Bozzuto.

At the time, there were substantially fewer national developers and professional management companies, so it was a clear competitive advantage. Bozzuto had seen how property management was subordinate to the rest of the operation at Oxford.

"People in the management company were paid materially less, and the people who got celebrated were always the developers—I had been one of them. So [property management's] influence was more limited than it should have been," he says.

Bozzuto decided to flip things around, putting property management at the core so it would guide development, land search, and design decisions. In addition, The Bozzuto Group established a rule of thumb: It would only do development projects with a partner.

Courtesy Bozzuto

AT A GLANCE

## Tom Bozzuto

<b>Company:</b> The Bozzuto Group	<b>Title:</b> Chairman and co-founder <b>Age:</b> 71
--------------------------------------	--

**Favorite quote:** "It is not the critic who counts ... The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again ... ." —Teddy Roosevelt

**Recommended reading:** Ron Chernow's biography of Ulysses S. Grant

**Example of failure:** "In 2006, I gave a presentation in which I discussed how much home prices had gone up in the greater Washington [D.C.] area and [how] incomes weren't keeping up. I concluded that there was going to be a major correction in the housing market. But I didn't listen to my own advice and failed to slow down our own home building activity."

**Leadership philosophy:** "Decide what you can do better than most of your competitors, then surround yourself with the best people you can, be sure they understand and buy into your values and have a shared vision, and then get out of their way."

"We decided we were more risk-averse than a lot of our fellow developers and would rather have a partner to share the upside and have some insulation for the downside," says Bozzuto. The company's partners have included Pritzker Realty Group, Northwestern Mutual, Cigna, and J.P. Morgan.

To Bozzuto's great pride, his son, Toby, took over the firm's day-to-day operations in 2015. "He leads with a quiet humility and tells me to never forget where we came from," says the Bozzuto scion, who's been with the company for 17 years, of his father. "He's an extremely ethical person who believes in always doing the right thing and putting our residents, clients, and partners first." MFE