

Good Housing Comes in Small Packages

STATS

Patrick Kennedy

Real estate developer and owner of Berkeley-based Panoramic Interests

Age: 60

Strength: Chronic optimism

Weakness: Chronic optimism

Very first job: Paper boy, *Contra Costa Times Greensheet*

Most recent purchase: 33-ounce, ultra-light backpack

Can't live without: Coffee

#1 on your "bucket list": To continue what I am doing. My work is more fun than fun.

Career choice #2: Lyricist in the tradition of Cole Porter and Oscar Hammerstein

Best advice received: Be valiant, daring, and subtle, and never mind taking a risk. —*Aristophanes*

Real estate developer Patrick Kennedy prefers minimalism and efficiency. When he ends a phone conversation, he says, "Thanks, goodbye," then hangs up. His email subject lines contain the actual message—no need to waste time opening the email. And his hobby? Ultra-lightweight backpacking, where you strip down to the absolute minimum of what you carry. • As a developer and proponent of urban microapartments with his Berkeley-based company, Panoramic Interests, Kennedy is well aware that his hobby is a bit of a busman's holiday version of his job.

"With ultra-light backpacking, you go through a deliberate process—trial, error, experience—to see exactly what you need and what you don't need," says Kennedy. "I go through the same process with the apartments."

Kennedy's microapartments are indeed micro. The 23 units in his Harriet building in San Francisco's SoMa district are only 295 square feet. But they are 295 incredibly well-designed, energy-efficient square feet.

"We don't have a lot of extra unused space," says Kennedy. "In fact, I like to think that there isn't any wasted space in our units. At the same time, we want people to be comfortable. We want them to be able to carry out the usual apartment experience—have guests, host dinner parties, and things like that. We just want to be more clever in how we can figure out the space and furnish it, and do that in a smaller, and thus less expensive, space."

Panoramic's Harriet building is LEED Platinum certified, with solar hot water heating, a cool roof to reduce heat absorption, and an outside courtyard for residents (featuring sustainable landscaping, of course). Each unit has a kitchen, a full-size dishwasher, a washer/dryer, Plyboo hardwood floors,

and a fold-out bed. The units are well sound-proofed, get lots of natural light via large windows, and feature innovative natural ventilation. The apartments are so tightly insulated, they can be heated with a hair dryer.

"We try to solve the basic problem—a clean, well-lighted place to live and work and regroup—and try to do it as efficiently as possible in an elegant way," says Kennedy. To that end, Panoramic's buildings are the result of thousands of decisions on everything from building materials to careful selection of what Kennedy calls "finishes that don't insult your aesthetic intelligence." He is currently focused on a new peephole that allows people to see outside their door from 6 feet away, instead of having to go right up to the door. "It's a \$20 piece of hardware that will make the experience better, even if it's something people hardly notice," he says.

Panoramic's bigger decisions include making the buildings from pre-fab materials (efficient and greener), putting buildings on underused urban infill spaces (community development, prime location), and not providing parking.

Kennedy has found that tenants are quite willing to accept no-parking housing. "I don't think it spooks people anymore," he



says. Plus, being car-free makes the buildings even greener. “We’re getting people out of their cars. People who live in our buildings walk, take transit, ride bikes, or use Uber,” he says. Future buildings will also have a City CarShare vehicle on site.

Providing residents with no-car mobility is part of the reason Panoramic chooses well-located infill spots. The other reason is the lure of city living. “One of the best features of our buildings has nothing to do with the building proper—it’s being smack in the middle of things. In our small spaces, we look for a prime location, close to jobs, transit, excitement, and intrigue.”

If residents want to find their intrigue closer to home, they can hang out in one of the well-thought-out common spaces. Elevators in the Panoramic, slated to debut June 2015 in San Francisco, open onto lounge areas on each floor. There’s a bicycle maintenance station strategically located in the lobby to encourage chatting. Common space seating is at bar height because, according to Kennedy, it is more conducive to interaction between someone sitting and someone walking by.

“We want the people who live in our buildings to be one of the attractions, so we try to make it easier for people to be sociable—if they want to be,” says Kennedy. “Because we don’t have parking, much more of our ground floor space can be dedicated to social spaces that encourage interaction, work collaboration, romance, and what have you.”

Not everyone is fond of the microapartments and there have been complaints that they could marginalize a lower class or that they are just too small. But Kennedy is used to working through resistance and accepts it as part of the job.

After growing up among the walnut orchards of Danville, Calif., Kennedy went to law school at Harvard. But during a stint at a firm that did real estate, Kennedy says, “I realized that I had made a gross miscalculation.” He took a program in real estate development at MIT and found his calling. To recoup his tuition costs, he worked the public

sector at BART for 18 months. “That’s where I learned about working with ossified monolithic bureaucracies, which is handy when you work with cities,” he notes. Kennedy moved to Berkeley and unsuccessfully tried to get a job with other developers—at least 80 by his count.

Finally, he decided to do it himself, and in 1996, overcoming various development-resistant Berkeley factions, bought downtown property for a rental project. “It was the first one by a private developer since World War II and it filled up before we even sheet-rocked it,” he says.

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Kennedy takes complaints about his buildings very seriously. In many cases, he has made major tweaks based on resident feedback. But he doesn’t give much credence to those who have a problem with the concept of microapartments in general.

“Anytime you do something new, you’re going to get lots of scrutiny and, inevitably, lots of criticism. But it’s not much different from the reaction I had when I started developing in Berkeley and was proposing high-density housing—which in Berkeley’s case then was a three-story building.

“We’re not claiming we’re for everybody,” he says. “What’s happening in San Francisco is that thousands of single people are coming to the city and bidding up the price of single-family homes, making it difficult for a single or two-earner household to own a house. We’re trying to provide an outlet for single people and take the pressure off the cannibalization of the existing housing stock.”

“On top of that, there are significant demographic shifts that make a lot of the housing design obsolete. For example, there are huge numbers of single people living alone in cities now, much more than 20 years ago. That’s a demographic shift that has not been addressed by apartment developers who are still building 1,000-square-foot housing with two and three bedrooms. In San Francisco, that means they are out of the price range of 95 percent of the city.”

Kennedy offers this advice for REALTORS® who want to capitalize on the trend: “Bring developers sites that are close to transit, in core locations, near stores, cafes, and work.” REALTORS® can also be involved by finding land, listing buildings, and filling them with tenants. “Bring in renters who don’t want/need a car, and who are looking to lower their housing costs. The Millennials especially are hip to consuming just what they need and no more, and don’t want the extra cost of unused rooms.”

Kennedy’s bet for the next trend is microsuits, three-bedroom, 600-square-foot units that house three people. The Panoramic will have 160 units, 40 of them microsuits.

“Microsuits have a lot of promise in San Francisco because a studio apartment, even if it’s \$2,000 a month, is still out of the range of a lot of people,” says Kennedy. “There needs to be a place for a single person to come to San Francisco and live in a safe, well-designed, environmentally sound place. And I think the microsuite is a candidate for that type of tenant.

“It’s not for everyone, but we have an obligation to experiment with new ideas,” says Kennedy. “I want to build something that’s worthwhile and beautiful and elegant and at the same time render a public service and be profitable, so it’s sort of an alignment of commercial and social awareness, environmentalism and city building.” ♦

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