

PERSPECTIVES

BELINDA TAYLOR

Promising Developments

Patrick Kennedy is on a campaign to “decriminalize development in Berkeley.”

He may be succeeding.

Kennedy is the widely admired young developer of the mixed-use housing project under construction at Shattuck and Hearst Avenues, touted as the first privately built housing downtown in 30 years. He says it’s more like 40 or 50 years.

How could this be? Kennedy re-

views the history of housing construction in Berkeley since the 1950s and offers the following scenario. For a long time after World War II, it was relatively easy and cheap for a developer to go into the neighborhoods, knock down deteriorating old Victorians and brown shingles, and throw up what became known as “ticky tacky,” boxy multi-unit pink stucco monstrosities with parking underneath. These projects understandably turned people off to development.

Horrified by what was happening to its older housing, in 1976 the city adopted the Neighborhood Preservation Ordinance, which put brakes on the wholesale demolition. It also brought private sector multi-unit development to a near halt.

This was followed by rent control, which removed incentives for landlords, and then, in 1986, by a so-called inclusionary rule that said every sixth unit in a new development had to be for low-income occupants. Strict parking requirements also were adopted at this time. Layered upon all of it was an arduous approval

process, a “regulatory thicket” that gave the city its deserved reputation for being anti-development.

Builders stayed away in droves. The only housing being built was limited to controversial low-income projects, and new construction downtown was limited to chains, which could afford the strict requirements and lengthy permit process. There were also market economics at work. For a time it was more profitable to build malls and office towers than housing. Add to this the little matter of a recession or two.

A small handful of housing developers in recent years have tried to buck the trend in Berkeley. Some have given up in disgust; Kennedy has hung in there. Yet even his much-praised project at Shattuck and Hearst “could have been killed off at least a half dozen times by city officials insisting it meet certain zoning requirements.”

He persevered. “The amount of time and energy you have to put into this—including psychic energy—is enormous,” he points out. Despite

the city's regulatory bureaucracy, Kennedy found support at City Hall, as evidenced by the city's dipping into its own Housing Trust Fund to provide him with a \$500,000 construction loan, its first to a private developer. "I'm going to pay it back in 18 months," Kennedy says, adding pointedly, "unlike some of the city's favorite nonprofit developers." But he is generous in his praise of the council and the city manager's office.

"This presages a renewed interest in housing in and near downtown," he enthuses. "Our housing stock is wretched. The demand for housing is enormous."

Even though the Hearst-Shattuck development won't be ready for occupancy until spring, Kennedy says he's already getting calls and letters from prospective buyers and renters. He's received calls from a 72-year-old lab technician in molecular biology "who takes tap dancing lessons," a zoo keeper, and a retired schoolteacher who's been trying to move into Berkeley from Palo Alto for two years. She's already put a deposit down on one of the new building's loft units.

While not exactly low-income, 40 percent of the project's 24 units have been set aside for people with incomes of \$25,000-\$35,000 a year. In this category, a 600-square-foot one-bedroom unit would sell for about \$79,000 or rent for about \$600. Market rate one-bedroom units will sell for around \$135,000.

The normally upbeat Kennedy goes off the charts when he talks about amenities in the project. It will have a roof deck, Internet connections in each unit—"an electronic back fence"—so residents can e-mail each other (arranging for "a babysitter, shopping trips, movie dates"), a full restaurant downstairs, an outdoor café (the city has okayed ex-

pansion of the sidewalk on the Hearst Avenue side), an international newsstand, and a large display case holding bookstore reading schedules, the UC Theater schedule, and so forth.

What the four-story project won't have is a full complement of off-street parking. The Board of Adjustments agreed (after one of those battles that could have killed the project) to accept less than the required number of parking slots.

"I keep proposing less parking for downtown projects," Kennedy says. "The parking requirement makes it too difficult and expensive for anyone

except chains. I want the city to throw out its parking requirements. Downtown needs to be pedestrian-oriented."

Kennedy says he goes to the city council and asks, "Do you want an outdoor café here or a Good Guys? If you want the café, then change the parking requirements and other regulations." The other regulations in-

clude ones calling for open space on a site. "Sometimes the requirements for open space are bigger than the lot itself," he says incredulously.

As for shoppers who come downtown in their cars, Kennedy says there's ample public parking, but "People just don't know about it. It's ugly. No one uses it."

His model for urban development: cities like Berlin and Barcelona, where "the public areas are the best in the world. People lead very public lives in cafés and restaurants. Berkeley could have something like that."

Kennedy has another project in the works. It's on University Avenue at the corner of Grant Street, across from Venezia restaurant: 28 "home occupation" lofts built around an inner courtyard, with a grocery and café on the ground floor. Seven units



Patrick Kennedy (r.) and Mayor Leiter break ground for Shattuck Commons.

will be set aside for low-income buyers or renters, "perfect for a single mom." Kennedy spent 13 months negotiating with the Ohlone Neighborhood Association to come up with a mutually agreeable project. Ground breaking awaits approval of a \$600,000 construction loan, again from the city's Housing Trust Fund.

Kennedy, now 40, began his career as a developer in the seventies by building a house in Oregon during what he calls "my pastoral phase." Next he obtained a master's degree in real estate development from MIT, followed by a law degree from Harvard. Returning to the Bay Area, he worked in the real estate division of BART for two years, and then, in 1989, bought a small property behind the Bank of America on North Shattuck and built six townhouses called Henry Court. Since then his Panoramic Interests has developed other small condo projects and seven live/work lofts in West Berkeley on Ninth Street.

His two current projects are his

largest by far. He says he couldn't afford to be a developer without the support of his wife, Julie, a corporate lawyer. They have a year-old daughter, Alexandra, who, Kennedy says proudly, was kissed by the mayor at the Shattuck project groundbreaking.

Seemingly a perpetual optimist, Kennedy says he has good reason to think things are looking up now. "I'm building homes for the bulk of people of Berkeley, people who earn between thirty and fifty thousand. I see hope on the horizon. I'm betting big on downtown Berkeley. It has the potential to be a civilized place. The city's been in an ice age for 25 years. There's a chance for a thaw now."

If that thaw fully materializes, Kennedy says he'd like to build "hundreds of units downtown." Think of the impact this would have on the pedestrian character of downtown and its commercial uses, he says—"It would be galvanizing." ▲

Belinda Taylor wrote about the mayor's race in the October issue.