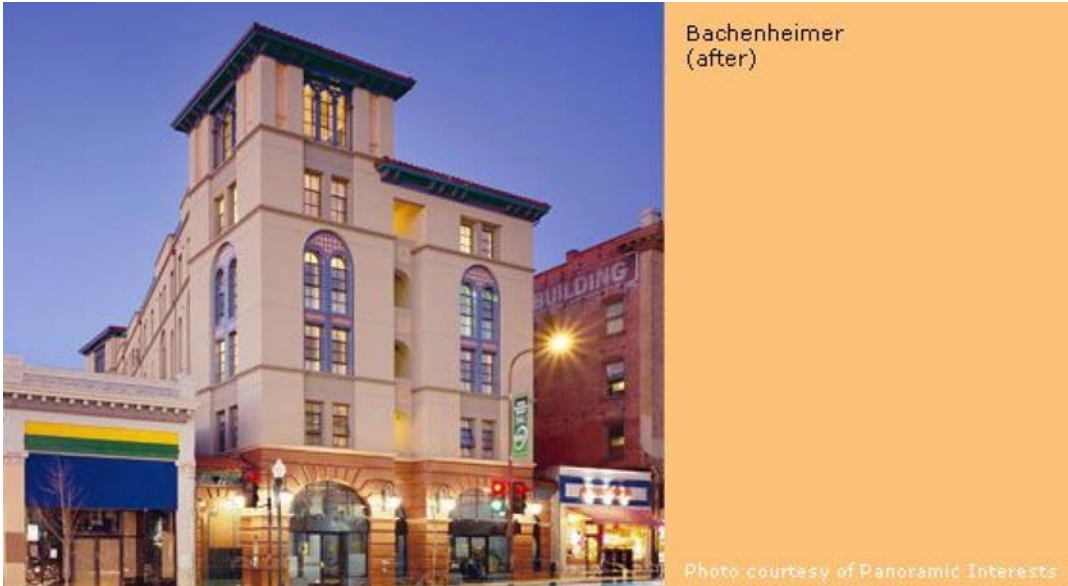


PLAN 71:

Patience, Persistence And A Thick Skin

publication [PLAN](#)issue [71](#)published [Aug, 2008](#)division [Real Estate](#)share [Twitter](#)
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Alumnus Profile: Patrick Kennedy (MSRED'85)

Patrick Kennedy (MSRED'85) is a real estate developer in Berkeley, California, a place whose citizens were once described by the *Wall Street Journal* as '...torn between a desire to overthrow the US government and a quest for the perfect croissant'.

Upon moving to Berkeley in 1988, Kennedy found an ailing downtown with empty storefronts, panhandlers and no new rental housing by a private developer since World War II. He set out to 'decriminalize housing development' and began what was initially a single-handed effort to develop mixed-use infill housing in Central Berkeley.

Since that time more than a 1000 new units have been built, 472 of them by Kennedy's firm Panoramic Interests (www.panoramic.com). In the process of creating those buildings, Kennedy set aside 91 units for very low-income residents, as compared to the Berkeley Housing Authority which owns and manages only 75 units.

'Our buildings have contributed to the revival of downtown,' he said. 'The early ones were not architectural masterpieces; the later ones I would be proud to put a brass plaque on.' Not all residents of Berkeley are pleased by such development, however. One local called the Gaia Building – a renaissance revival high rise – '...a monstrous Stalinist monument to civic corruption'.

'The NIMBYs tend to have a lot of ex-English majors,' he commented. 'And Berkeley activists are not given to subtlety or understatement.'

Development for profit has not been simple in a city known for its social activism and mistrust of capitalism but, then again, SA+P doesn't prepare its graduates to solve simple problems. 'Four hundred and seventy two units, 1200 Berkeley tenants, the largest number of Berkeley's Section 8 housing units in the city – it all makes for quite a bit of aggravation,' says Kennedy.

'My wife says I've been able to do this because I have a short memory and a thick skin. I think persistence, patience and a bit of resilience and optimism (or fantasy) also helped. Not to mention enlisting the help of groups like the Sierra Club and the Greenbelt Alliance who put political pressure on the Powers That Be. I stayed in Berkeley because I thought I could have an impact. I also hate commuting. But I underestimated the amount of time and stress.'

While Kennedy has recently sold his portfolio of apartment buildings for \$146M to a Sam Zell's Chicago REIT, Equity Residential, he is nowhere near done.

'It is wonderful to be a former Berkeley landlord – people get burned out managing properties,' he said. 'It's more fun to be on the creative side than the management side. What I want to do now is build the urban equivalent of Levittown – entry level, urban housing for about \$200K each.'

Kennedy sees these buildings as analogous to the Smart Car – stylish, sensible, small and fun. 'I'm working on the next generation of buildings in both San Francisco and Berkeley. They will incorporate universal design and be fully accessible. Dense and transit-oriented, high rise and super energy-efficient. Tenants will be able to monitor their own energy systems over the Internet at any time. This feature alone can reduce energy consumption by 15%.'

Kennedy credits his degree from the MIT Center for Real Estate for giving him the confidence to get started. 'It's like learning golf with videos. You can get down the fundamentals but then you just need to go out and play.' His advice to new graduates? 'Go work for the developer you admire most, even if it's for free. Get on with it.'

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Posted October 2008



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