

Special Report

COMMERCIAL BUILDERS

Homes Are Where You Make Them

Berkeley developer accepts community opposition to his dense, mixed-use projects to create the Greenwich Village of the West

BY JIM EMERSON
Special to the CREJ

July 23 was a night to remember for Berkeley's most prominent and controversial developer, Patrick C. Kennedy. The City Council nixed appeals and granted final approvals for three of his multifamily projects totaling 179 units — quite an accomplishment in a city that most developers would sooner avoid.

Kennedy is president of Panoramic Interests, which he founded in 1989. His firm has completed six multifamily projects, adding 200 units, all in Berkeley. He now has more than 300 units completed or being built with an additional 20,000 square feet of office and retail space to come.

The work distinguishes Kennedy as one of the city's leading for-profit developers. He was recognized last month by the local chamber of commerce, adding to a list of other awards he has won for smart growth, sustainable design and live-work housing, among others.

Kennedy's ideal developmental model is building apartments with ground floor space for retail, office or other mixed-uses, he said.

"My organization is small, with only six people, but we can make a big and noticeable impact in Berkeley that, I assume, is for the better," he said.

Better doesn't mean easy. Berkeley is essentially built out and home to many politically active civic groups known for their opposition to new development.

Despite this reputation, Kennedy considers this city of 100,000 an ideal place to pursue and promote his vision for dense in-fill redevelopment.

Kennedy understands the city's politics because he lived there from 1986 to 1998, before moving to nearby Piedmont. He describes his approach to obtaining approvals as patient: slow and Confucian, to eventually wear out his opponents.

"It's not unusual for the approvals process to take four years in Berkeley, but I knew this going in," Kennedy said. "I also know that few developers are willing to put up with the obstacles, besides me and a few nonprofits."

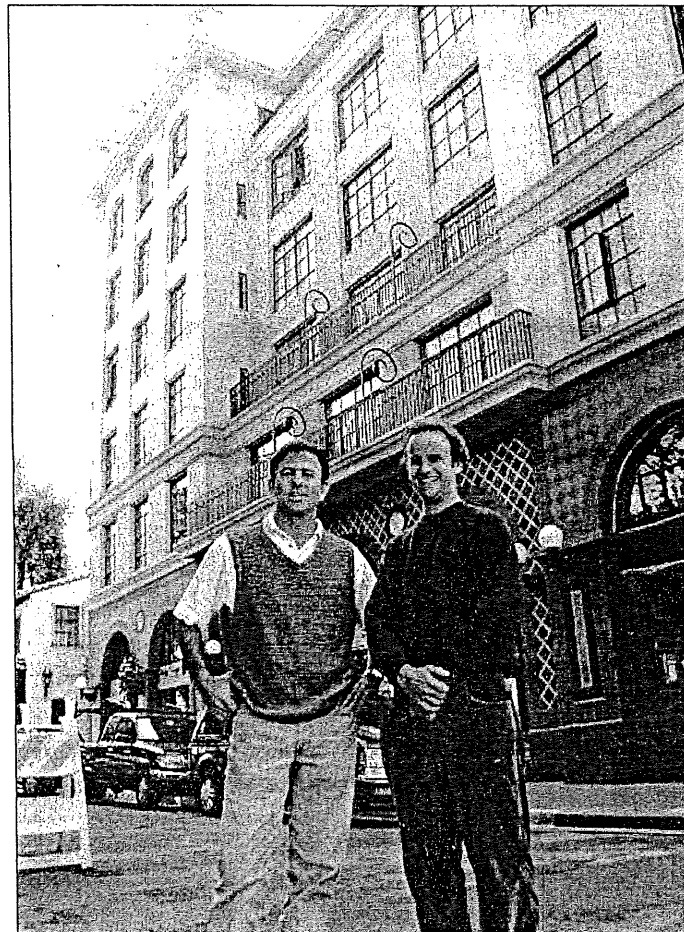
"Berkeley has a band of fanatical neighborhood vigilantes and activists who will oppose anything — a NIMBY faction — attending meetings five nights a week."

Unlikely Allies

To counter opposition, Kennedy finds allies among a diverse assortment of interest groups, such as local businesses looking to occupy new retail spaces, environmentalists opposed to sprawl and automobile-centered lifestyles, residents with special needs, arts groups and New Urbanists, he said.

Some of that support comes from the fact that Panoramic Interests' projects are compliant with the Americans with Disabilities Act, even including fully accessible roof decks and remote-controlled entry systems.

He has garnered support from the arts com-



Developer Patrick Kennedy, left, of Panoramic Interests stands with tenant Patrick Dooley of the Shotgun Players in front of the Gaia Building in downtown Berkeley.

munity by providing spaces in his projects to display local artworks and host performances by local music and repertory groups.

He also is aided by the fact that the city has a chronic rental housing shortage exacerbated by its transient 25 percent student population. Between 1980 and 1999, Berkeley and Beverly Hills were the only cities in California with a declining number of housing units, according to government statistics. Berkeley lost 152 units while neighboring Emeryville added 2,017 units and Oakland built 5,551 units. Across the bay, San Francisco added 21,375 units.

According to Kennedy, downtown and the city's public transit corridors are dysfunctional and economically underperforming because they lack high-density housing for people to walk to work, home and entertainment.

Kennedy considers The Gaia Building, com-

pleted in 2001, his greatest professional accomplishment. This 91-unit building has a mission-style tile roof and terraces with sweeping views of San Francisco Bay. The seven-story building is located near the downtown Bay Area Rapid Transit subway station, connecting to Oakland International Airport, and it will be a less than a 30-minute ride to the San Francisco International Airport when the new airport extension opens next year.

The \$11-million Gaia complex includes 10,000 square feet for a cultural center, occupied by nonprofit organizations; a cafe and a 99-seat theater. Tenants have optional use of a car-sharing program, or they can use a garage with a vertical triple-stacking system, which uses a lift to park 39 cars in the space of 13. It also has 9,000 square feet of landscaped and furnished terraces, a solarium and an interior courtyard that features a giant chessboard.

Patrick C. Kennedy at a Glance

To relax, Patrick C. Kennedy, president of Panoramic Interests, likes to work out at the gym and watch art films. He said his only vice is an occasional cigar.

Kennedy, 48, is married and has one daughter. He's originally from Danville in the East Bay.

Kennedy received a law degree from Harvard University in 1986, where he was president of the Harvard Real Estate and Urban Development Forum. He received a master's degree in real estate development in 1985 from the Massachusetts Institute of Technology and bachelor's degrees in economics and English from Claremont Men's College.

Kennedy began his real estate career as a contractor in 1977. Later, he briefly worked as a research assistant for the Boston Redevelopment Authority. He was formerly a real estate consultant for the Bay Area Rapid Transit District before he founded Panoramic Interests.

— Jim Emerson

Kennedy now has two projects under construction. One, called Acton Courtyard, will have 71 rental units and 8,000 square feet of retail space. Another project that's nearly finished is called The ArTech Building. This 20-unit apartment building has 9,000 square feet of retail and office space. The project is distinguished by a 6-foot copper salamander crawling up its western facade.

Kennedy relies on forming partnerships with existing property owners to build apartments with retail on the ground floor.

"We pay for the entitlements process and take the risk, while they sit on the land," he said.

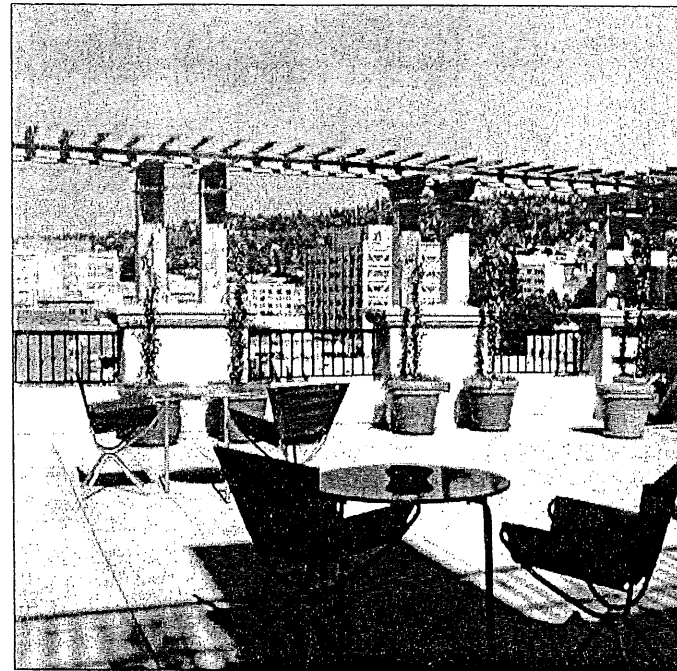
Greenwich Village of the West

The transition to high-density, mixed-use development is a necessary one, Kennedy said. "By 2007, we'll have more areas of mixed-use and higher density in Berkeley," he said. "It's the kind of change that more communities will find themselves facing in the next few years as California continues to grow."

Kennedy envisions downtown Berkeley becoming a West Coast version of Greenwich Village. Berkeley already has numerous cinemas, small theaters, plentiful cafes and bistros. What's lacking is multifamily housing downtown and along its public transportation corridors. That's where Kennedy sees his role.

He wants Berkeley to adopt a more European approach to development, which is common in East Coast cities: lots of apartments built over shops and near public transportation.

"I like seeing lots of people walking, biking, living and working in neighborhoods. Berkeley has the potential to become a model city for the



Gala Building tenants enjoy a rooftop view of the San Francisco Bay.

rest of California," Kennedy said.

Next, Kennedy plans to propose a 175-unit multifamily complex he's calling Workforce Housing, which would be the biggest project in the city's history. He expects to start the entitlement process by the end of this year.

Construction for the three projects approved in July is supposed to begin next year. One, called The Bachenheimer Building, will replace a long-vacant store with 44 units and 3,000 square feet of new retail space. A second project, called The Fine Arts Building, will have 100 apartment units. The lower level will have 8,500 square feet for a 275-seat repertory theater, offices for the Cinema Preservation Society and a cafe.

The most controversial of the trio of projects approved in July was the Jubilee Courtyard Apartments. The west side site is on a rundown stretch of San Pablo Avenue, an area of struggling businesses, scattered vacant lots, abandoned buildings and crime.

The 35-unit Jubilee Courtyard with 5,200 square feet of retail space will be Kennedy's first project outside of downtown, but it took him four years and eight months to receive final approvals.

"The Jubilee project generated the most resistance that we've ever had. I thought new development would be welcomed in this neighborhood, an area with abandoned gas stations, prostitution, drug dealers, shootings and you name it," Kennedy said. "One guy who's critical of everything that I do actually submitted a 47-page report to the city opposing the development."

Critics of the project opposed Kennedy's original plan because of height concerns. Petitions circulated in an adjacent area of single-family houses emphasized that Jubilee Courtyard would be taller than mature sidewalk trees. Kennedy eventually agreed to downsize the building to 35 units from 48 units to gain approvals.

"I'm certainly his old nemesis," said Dave Blake, a member of Berkeley's zoning board. "He's too single-minded. Whenever I see him his only topic for discussion is 'won't we let him develop denser and higher buildings.'"

Blake doesn't like that Kennedy builds his apartments with small rooms catering mostly to

students, instead of older families.

For his part, Kennedy said city officials typically are more supportive of projects than many of the residents participating in the entitlement process.

Still, the city is very demanding, with one of the highest set-aside requirements in the state: Twenty percent of all housing units go to low-income tenants.

"It means one out of five units must be rented at a loss," Kennedy said.

Adversarial Admiration

Although Blake is critical of Kennedy and believes he builds small, utilitarian units so rents will be close to market rate and still qualify as affordable, he also has a grudging appreciation for his work.

"Kennedy is a better developer than when he started because his buildings are becoming more attractive on the outside," Blake said.

Berkeley resident Rob Browning became a commercial tenant in one of Kennedy's earlier projects, called University Lofts, a 29-unit condominium with 4,400 square feet for retail, a four-story building, which he passionately opposed before it was completed in 1997.

Nearby single-family homeowners such as Browning objected to the height of the rear facade of the building and shadows it would cast. So, Kennedy had the back portion of the building redesigned with a courtyard built over a garage.

"[Kennedy] has a powerful personality and enjoys exercising it. I find him entertaining, and I enjoy his complexities, but he tends to rub a lot of people the wrong way."

Berkeley has a history of architectural achievement and planning with more than average public input, so it's inevitable that Kennedy bumps into other people's opinions. But there's a payoff because the community respects thoughtful design, Browning added.

"He's capable of being a superb developer precisely because he's willing to duke it out with the community," Browning said. "I value what he does, and I value living in a community that makes it hard for him because we end up with better buildings. The community forces him to be his best self."