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## DEVELOPING A DIVIDED REPUTATION

**Author(s):** Martin Snapp  
**STAFF WRITER** **Date:** May 11, 2007 **Section:** News

Developer Patrick Kennedy sold most of his Berkeley properties late last month, sending shock waves through the town's financial and political circles.

On April 28, seven mixed-use apartment buildings owned by Kennedy's Panoramic Investments — the Berkeleyan Apartments (1998) on Oxford Way; the Gaia Building (2001) on Allston Way; the ARTech Building (2002) on Addison Street; the Fine Arts Building (2004) on Haste Street; and Acton Courtyard (2003), the Touriel Building (2004) and Bachenheimer Building (2004) on University Avenue — became the property of Chicago-based Equity Residential, the biggest apartment house owner in the country.

A total of 418 units changed hands, but Equity Residential spokesman Marty McKenna predicts the tenants hardly will be able to notice the difference.

"The biggest change will be writing a different name on the rent check every month," he said.

The sale couldn't have come at a better time for the city's budget, which was facing a \$2 million shortfall in the upcoming fiscal year. Mayor Tom Bates said transfer tax revenues from the sale of the properties will probably make up the entire amount.

"What can I say?" said Bates. "The guy just wiped out my deficit."

Both Kennedy's admirers and detractors are now wondering how the sale will affect the political landscape.

Kennedy, 52, has been a major player in recent elections, contributing to both progressives and moderates who support his development plans.

"The individual limit for contributions in this city is \$250, but he can combine his contribution with his wife's contribution and his contractors' contributions and their wives' contributions and so on, and pretty soon he's able to generate \$6,000 or \$7,000," said Councilman Kriss Worthington, a frequent Kennedy critic. "A City Council campaign costs about \$25,000, so that's quite a chunk."

To his critics, he's the man they love to hate. One local alternative paper, which regularly pillories him in its pages, calls him a "robber baron" and a "carpetbagger" because he lives in Piedmont.

But Bates calls him "a pioneer in transit-oriented development," noting that Kennedy purposely places his buildings near BART stations and major AC transit lines to lessen tenants' dependence on automobiles.

"My critics didn't believe me when I said that if you put housing in the right place, people will abandon their cars," Kennedy said. "But only 30 out of 237 tenants in the Gaia building have cars. All the horrors people predicted never happened."

Kennedy was the first developer in Berkeley to incorporate hydraulic parking lifts, doubling the available space in the garage by stacking one car over the other. He was also the first to dedicate a parking slot for use by City CarShare and the first to have open space on his buildings' rooftops.

He also has fans among homeless advocates, who praise him for pricing a portion of his rental units at "affordable" rates — i.e. 20 percent below market value — for low-income families. During the past 10 years he has built 73 low-income units, more than anyone else in Berkeley, including the city's housing authority.

Social worker Tom Wegner, who placed one of his clients in the Gaia Building, said, "Finding Patrick was a real blessing for her. Her old landlord never fixed anything, no matter how dangerous it got. Here, all she has to do is pick up the phone."

But Kennedy's critics claim his real motive for including low-income units is to leverage height and zoning concessions under the state's density bonus program, which allows a developer to add additional stories if a certain percentage of the units in the building are low-income.

"His real talent is knowing how to milk the system," said Councilwoman Dona Spring, who represents the downtown area, where most of Kennedy's buildings are located.

Another critic, former Zoning Adjustments Board Chairman David Blake, said Kennedy's legacy is the transformation of Shattuck Avenue from four-story structures to high rises.

But Kennedy said that's just the point.

"Major transit corridors is exactly where new buildings should be," he said. "It's environmentally preferable to gobbling up more and more farmland out in the country. And the people who live in those buildings will be more willing to use public transportation, which passes right by their doors."

Aesthetically, his buildings' beauty depends on the eye of the beholder.

When the Gaia Building opened in 2001, one art critic called it "a Stalinist monstrosity," while another called it "one of the best new buildings in the Bay Area in the last 30 years."

Kennedy disputes the notion that he's a heavy political player.

"I have less power than anyone in the city because everything I do is scrutinized," he said. "People in Berkeley don't like developers as a general proposition, and I'm more visible because I've engaged in public debate."

But critics who are rubbing their hands at the prospect of a future without Patrick Kennedy had better think again. Kennedy plans to use the proceeds from the sale to build more developments.

"I'm a developer," he said. "I sold because I wanted to get out of the management business and concentrate on new projects. But this time I'm not going to be engaging in any more knock-down, drag-out battles. I'm going to pick my fights more selectively to preserve my rapidly diminishing youth."

Reach Martin Snapp at 510-262-2768 or e-mail [msnapp@cctimes.com](mailto:msnapp@cctimes.com)

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