

Politics is definitely local for Berkeley developer

No shortage of opinions on Piedmont's Kennedy

[Patrick Hoge, Chronicle Staff Writer](#)

Tuesday, October 5, 2004

A decade ago, no rental housing had been built in downtown Berkeley for 50 years, and city leaders and preservationists weren't rolling out the welcome mat to private developers.

That's when Patrick Kennedy came to town to make his mark. Since then, his firm has completed 11 buildings worth about \$100 million, including seven apartment buildings, three of which just opened.

In doing so, Kennedy, 50, has eased a chronic housing shortage, remade the city's face and, city officials say, inspired a residential construction boom in the city center.

Kennedy also has won many fans and enemies. It seems that everyone in the city has an opinion about him.

"I think we owe a debt of thanks for what he's done," Mayor Tom Bates said. "He's shown other developers that it's possible to make money in downtown Berkeley."

Admirers say Kennedy's buildings are filled with modern amenities, have become progressively better-looking and represent "smart growth" by focusing on high-density projects near public transit.

Kennedy has built 483 dwellings -- most of them apartments. About half of the apartments are filled with students. In addition, Kennedy's apartment buildings have space for street-front restaurants and stores, so far all of them locally owned small businesses.

"He fights battles in Berkeley that it seems few others are willing to fight," said Diana Williams, executive director of Urban Ecology, a nonprofit that promotes affordable housing and transit-oriented development. "We think he does a good job in a tough market."

Others are less grateful -- particularly preservationists bitter about older buildings that Kennedy had demolished.

Critics say that Kennedy's buildings are little more than upscale private dormitories for UC Berkeley students, that he has been dismissive of neighbors who thought his buildings would be too big and that he sometimes has been deceptive to squeeze money and concessions out of the city.

"He exploits every angle and weakness of the city to his financial advantage," said one of his harshest critics, Councilwoman Dona Spring, who represents the district that contains most of Kennedy's buildings.

Kennedy, a genial man who dresses casually, is pleased by his accomplishments and said he plans to own his buildings for decades. But he bemoans the difficulties of doing business in a town with a politically active, sometimes "anti-development" citizenry.

"I think there's a certain timidity about embracing the future in Berkeley," Kennedy said in an interview from his office atop his seven-story Gaia Building, which in 2002 became the city's first new downtown high-rise since 1971 and commands a stunning view of the bay and the Berkeley hills.

"In many ways, it's quite a reactionary town. It's difficult to do much here."

The irony is that the same politicized building process that scared others away from Berkeley helped create a housing shortage and a niche for Kennedy.

A native of Danville, Kennedy moved to Berkeley after graduating from Harvard Law School and the Massachusetts Institute of Technology's real estate program. He lives with his wife and daughter in the wealthy enclave of Piedmont -- which critics point out is anything but transit-oriented.

Kennedy founded Panoramic Interests Inc. in 1989, building six condominiums in North Berkeley with a loan from his parents. He followed that with a seven-condominium project in West Berkeley.

On his third project, the Shattuck Avenue Lofts, Kennedy revealed a flair for politics by getting the city to lend him \$550,000, half of it from its housing trust fund. It was the first time the City Council loaned trust money to a private developer, on the basis that 10 of the 24 condominiums would be sold at below-market prices -- \$79,000 -- to people earning 60 percent of the Bay Area median income.

City Councilman Kriss Worthington, then a private citizen, was so offended that he gave up two jobs to run for office. He won, and since then he has been in the odd position of sometimes supporting Kennedy's projects.

"Some people hate him, and some people love him. I'm sort of in both camps," Worthington said. "I like having more housing."

Kennedy has received major public financial support, mostly via \$28 million in tax-exempt bonds from the Association of Bay Area Governments. No other Berkeley developers have received similar financing, or even applied.

A boxer in college, Kennedy has shown he knows how to hit back when attacked.

Preservationists argued that a heavily modified, 19th century structure on University Avenue should be protected because its original inhabitant, John Doyle, was a city founder. Kennedy commissioned his own research and publicized that Doyle was also part of a group dedicated to stopping Chinese immigration.

A historical group sued Kennedy and lost, and Kennedy knocked the 110- year old building down last year, replacing it with a modern structure evocative of Swedish architecture.

Critics say Kennedy does not always play fair. When disabled activists realized that an elevator in a building billed as accessible for disabled people was not designed to go to the roof garden, Kennedy got the City Council to increase a city loan and waive fees to help pay for extending it.

Other people are upset that Kennedy won city approval for two extra stories on his Gaia Building in exchange for promising to rent commercial space to North Berkeley's eclectic Gaia Bookstore and Community Center, which focused on women and world religions.

The bookstore went bankrupt, and the downstairs has sat empty for three years.

Spring suggested that Kennedy misled Gaia owner Patrice Wynne about when she could move in, so that she left her old place of business and had to throw in the towel. Wynne said that was not the case and that the book business had just become too hard.

Work is under way to prepare part of the space for a jazz cafe that Anna De Leon, singer, human rights activist and former Berkeley school board member, will run.

Whether Kennedy will develop other major projects in Berkeley is an open question.

Two of his former employees have taken charge of what was to be his biggest project ever, a proposed mixed-use apartment building on University Avenue and Martin Luther King Jr. Way.

Spring suggests that Kennedy is overextended and has lost the support of his longtime financial backer, wealthy UC Berkeley business Professor David Teece, who declined to comment.

Kennedy refused to discuss his relationship with Teece or why he no longer leads the big project. He scoffed at the idea that he is in financial trouble. But he acknowledged that he is rethinking his position that demand for apartments in Berkeley is "unlimited."

"Real estate is a very cyclical and capricious business," Kennedy said. "I'm going to wait and see what the market does."

Patrick C. Kennedy

Company: In 1989 founded Panoramic Interests Inc., which specializes in mid-rise housing projects in Berkeley. He also heads Panoramic Management LLC, which manages the seven apartment buildings he has developed.

Age: 50

Family: Wife and 10-year-old daughter. Home: Piedmont

Education: B.A. in economics and English from the Claremont Men's College, 1976; M.A. in real estate development from the Massachusetts Institute of Technology, 1985; J.D. from Harvard Law School, 1986.

The buildings that Kennedy built

Developer Patrick Kennedy has erected seven apartment buildings in Berkeley:

1 Berkeleyan (1998), 1910 Oxford St.

2 Gaia Building (2001), 2116 Allston Way

3 ARTech Building (2002), 2002 Addison St.

4 Acton Courtyard (2003), 1370 University Ave.

5 Fine Arts Building (2004), 2100 Haste St.

6 Touriel Building (2004), 2004 University Ave.

7 Bachenheimer Building (2004), 2119 University Ave.

E-mail Patrick Hoge at phoge@sfchronicle.com.

Page B - 1