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Mr. Buy-and-hold

ADCO chief's plans would give Dworman big S.F. impact — again

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Developer Alvin Dworman was preparing to fly from Los Angeles to London in 1960 when he received a urgent message from an associate in New York.

"I get this call saying you have to come to San Francisco right away, you can get the Western Addition. I said, 'What the hell is that?' I don't think I had ever been in San Francisco before," recalled Dworman.

Dworman, who had already taken on a large-scale redevelopment partnership in New York decided to make the trip. And it turned out to be the beginning of one of Dworman's most important, and longest-lasting, business ventures.

Nearly 50 years after the San Francisco Redevelopment Agency tapped Dworman to redevelop a series of parcels atop what was to become Cathedral Hill, the ADCO Group chairman is still the major landowner in that neighborhood and finds himself smack in the middle of two of the city's most high-profile developments.

On Cathedral Hill, at 1330 Gough St. across from the cathedral Dworman helped create, he is proposing an elliptical white curtain-wall 38-story condo tower being designed by Skidmore Owings and Merrill. In the burgeoning Mid-Market neighborhood, meanwhile, Dworman has embarked on repositioning his massive art deco San Francisco Mart, a landmark furniture wholesale showroom complex being reinvented as a mixed-use campus with 1 million square feet of office space and up to 250,000 square feet of retail.

At a time when private equity groups and pension funds buy and sell office and residential towers at the drop of a hat, ADCO Group is a throwback, a rare investor that holds onto its properties. Former San Fran-



DOUGLAS ZIMMERMAN

"This street has got to come alive. ... We're going to make it a building that is going to be fabulous forever," says Dworman of San Francisco Mart.

'Alvin doesn't sell, he buys. ... I think that is how he has built his wealth, not by selling and pulling money out but by owning and allowing it to grow.'

Willie Brown

Former San Francisco mayor

cisco Mayor Willie Brown, who has known Dworman for more than 30 years, said patience is one of Dworman's defining characteristics.

"Alvin doesn't sell, he buys," said Brown. "Just think about 1330 Gough St. He has had that the entire time. Just think about how valuable that property has become without any great capital additions. I think that is how he has built his wealth, not by selling and pulling money out but by owning and allowing it to grow."

Changes in the works

In a rare interview, the New York-based Dworman said it's coincidence that he happens to be making major changes simultaneously to two of his more prominent San Francisco properties, one which he has owned for 39 years and one for more than 40.

On Cathedral Hill, the development site at 1330 Gough was protected from development for 40 years under the expiring use agreement with Housing and Urban Development. At the San Francisco Mart, Dworman said he is reacting to a strengthening Mid-Market residential neighborhood and the fact that a new competing furniture wholesale design showroom — 3 million square feet and publicly subsidized — has been built in Las Vegas. Dworman said he is "not being smart, I'm reacting to bad things."

DWORMAN: Furniture mart was going downhill

"I'm reacting to the fact that the furniture mart was a business going downhill," he said. "It's learning that when a confrontation comes, how do you take advantage of it?"

The more he looked at changes in the Civic Center and Mid-Market area, including the new Federal Building and 5,000 units of housing in the pipeline, the more he felt he was sitting on a "gold mine."

ADCO is proposing to cover Stevenson Alley, which runs between the mart's two buildings, with a glass dome, creating a place for residents to socialize and eat. Dworman is investing \$35 million in improvements.

"We're between Hayes Valley and the Fifth Street stuff. In my opinion this neighborhood is it. It's Civic Center. It's the theater district. And it's a dead place at night. This street has got to come alive. And that is what I think we can do. We're going to make it a building that is going to be fabulous forever."

Humble roots

Dworman grew up in Coney Island, where his immigrant father worked concessions on the boardwalk. A Golden Gloves boxer at 16, Dworman was an all-city football player and sprinter at Abraham Lincoln High School in Brooklyn.

After high school in 1944, he enrolled in an Army specialized training program and shipped to London. There he met Charlie Torem, a Harvard-trained, Paris-based attorney with Coudert Brothers, who would become an important mentor. It was Torem who pushed Dworman toward law school and helped him get into New York Law School.

"He said, 'You're a difficult guy, you question everything and you don't listen — you should be a lawyer,'" recalled Dworman.

While he was in law school at night, Dworman had his first taste of deal making. He rented a parking lot in Queens to put on flea markets and a farmers market. He was also playing semi-pro football for \$50 a week when he met Jackie Robinson through a teammate. Robinson had just signed a \$29,000 contract with the Brooklyn Dodgers. Dworman had an idea.

"I said, 'I'm going to start a barnstorming tour for you. I checked your contract out and it said you're allowed to play 30 days in the off season. We'll go to play in



DOUGLAS ZIMMERMAN

The more Dworman looked at changes in the Mid-Market Street area, the more he believed San Francisco Mart was a gold mine.

New Orleans and Baton Rouge one day and Mobile and Birmingham the next.' I was still going to law school, so I paid some guy to sit in class for me during the tour."

The tour, which lasted for four years, generated profits of \$90,000 annually, which were divided equally between Dworman, Robinson, and a promoter.

"We were running full wherever we went," said Dworman, who later developed housing with Robinson in Harlem. Meanwhile, Dworman finished law school and, after a brief 90-day stint as a lawyer, figured out a way to carve out a lucrative niche as a liaison between mortgage brokerages and banks looking for home loans to service.

As Dworman's wealth grew, he started buying up development sites in New York and Los Angeles. He also was tapped by his old mentor Charlie Torem to find a defunct, cheap factory to buy, which he did for \$10,000 in upstate New York. He and Torem then got a contract to build minesweepers to go along rail lines.

"I got that contract and that factory and went there once a month and made a lot of money," he recalled.

A web of activity

Chairman and founder of the ADCO Group, Dworman keeps a low profile. But through affiliate corporations like the Matsen Co. and Great Universal Capital Corp., he has developed or owned well over

10,000 units of housing across the country. Dworman, who travels on a private jet and has homes in Aspen, the Hamptons and the Upper East Side of Manhattan, said his companies have done more condo conversions in New York than any other development, including the 1,100-unit Kip's Bay.

At one point in the 1950s, Dworman owned 30 to 40 building sites in Manhattan alone. In New York, he built residential and mixed-use buildings at 155 East 76th St., 155 East 55th St., 200 East 58th St., and 65 West 55th St. In Los Angeles, he built the first highrise residential building in Westwood, on Wilshire Boulevard — the Churchhill at 10450 Wilshire Blvd.

In 1968, he bought a controlling interest in one of the first REITs, Franchard Corp., and took it private. Franchard was later merged with another public company, Lee Tire and Rubber, which Dworman also took private through a tender offer in 1978. In the Franchard portfolio were 1,100 acres in Santa Barbara that Dworman eventually, after a three-year entitlement battle, turned into Bacara Resort and Spa.

He has also owned several banks, including the East River Savings Bank, which he bought for \$47 million cash in 1985.

Assembling the site a new St. Mary's cathedral a year after he gained site control of the redevelopment zone that in San Francisco's Western Addition, he got a call from

Justin Herman, then head of the San Francisco Redevelopment Agency. Herman said St. Mary's Cathedral had burned down and asked Dworman to meet with Archbishop Joseph McGucken.

"He said they have to rebuild the church and he would like to do it right where our land was," recalled Dworman. Dworman spent the next months assembling the site for the cathedral. In addition to giving the church some of his land, he helped convince the owner of Lucky's Supermarket, which had recently opened, to move as well.

"The first time I went to see Lucky, he said, 'Are you kidding? I just built this thing,'" recalled Dworman. "He threw me out the door."



Brown

Dworman eventually found the market an alternative site and made a deal to move him. He credits McGucken with helping him navigate city politics. "He was like a godfather to me in this community," said Dworman.

Former Mayor Brown, who said he met Dworman in the late 1960s, called Dworman "a hot shot and a visionary and a risk taker of the highest order."

"He didn't know anybody but he understood the technical aspects of land use," said Brown. "He introduced himself to everyone in the neighborhood, including the janitors." Brown said the fact that he was willing to assemble a site for the church went along way toward building political capital.

Museum Parc

Dworman was also the first developer to

build condos South of Market with the 224-unit Museum Parc. Paul Zeger, president of Pacific Marketing Associates, recalled that out of 224 units, 189 were under contract when the earthquake hit in 1989.

Only one buyer backed out because of the quake and Dworman offered nearly complete Museum Parc units to a number of Marina residents whose homes had been destroyed.

"He took a shot there and everybody was so thrilled that we got \$300 a foot — today the resales are \$800 or \$900 a foot," said Zeger.

David Shapiro, managing director of JMP Asset Management, a hedge fund, called Dworman a "phenomenal visionary." Shapiro worked for Dworman in San Francisco during the 1980s. Shapiro said Dworman has had numerous chances to sell all of his San Francisco properties at great prices, but declined.

"The difference between a financial engineer and real developer is that a developer has vision and once you build something it's like selling one of your children. If it's something you're proud of, why would you want to sell?"

Dworman has served as a mentor to a generation of top real estate executives. Dworman backed Bruce Mosler, president and CEO of Cushman & Wakefield, in his first venture, Riverbank Realty.

"Alvin is a self-made person, he taught himself real estate," said Mosler. "He has experienced every possible real estate cycle, some twice, and has never come out of it without learning."

Stephen Roth, chairman of Vornado Realty Trust, the real estate giant that recently acquired the Bank of America building at 555 California St., called Dworman "strong

physically and strong mentally and a winner."



Zeger

"He is unbelievably tenacious and unbelievably long-viewed," he said. "Guys like Alvin get less headlines than the guys on transaction steroids."

Dworman pointed out that he has had his failures as well. He lost a bundle in the 1956 hurricane season in Florida, where he had bought thousands of acres with his brothers. He owned 50 percent of a bank that failed and another scheme to make aluminum boats at a factory died when his model literally sank on its maiden voyage.

"I've had plenty of pressure — it wasn't all a party. I've been through the ball park. Everyone respects that, I think."

Dworman has not slowed down. In the Bronx, he is building 1,000 houses, and in Greenpoint, Brooklyn, he is partnering on a 39-story tower. He compared his Cathedral Hill project with his most luxurious project to date, on 80th Street at Madison Avenue on Manhattan's Upper East Side. Dworman lives in the top two floors of that building in a unit worth an estimated \$23 million.

"We're going to make a fabulous piece of architecture, very sculptural and and very expensive," he said. "I don't look at the bottom line in terms of dollars, but I look at new horizons. What is this deal going to do for my scope. Is it going to make me happy when I do it? Am I going to get excited when it comes out of the ground? That is the way I think about it."

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