

El Escorial Villas at East Beach

**Bob & Karin's Real Estate
Newsletter**

June 2015



This is the 11th publication of our newsletter, focusing on the Santa Barbara area real estate condo market and specifically as it relates to El Escorial. This issue presents a Santa Barbara real estate market summary for the first five months of 2015. This market is off to a torrid start with the highest five month area condo sales since 1999. The El Escorial sales activity has been equally brisk with numerous sales and many new escrows. We have also included some historical information in this publication about our famous neighbor, the Clark Estate across from the Bird Refuge. We continue to welcome your feedback and any suggestions of topics that we could focus on in our future publications. We also invite you to view our website at www.SBBeachHome.com. We would be pleased to expand our distribution to include any friends, family or acquaintances who you think would enjoy receiving this newsletter. Just let us know and we will be happy to add their names to our address book.

Bob Oliver & Karin Holloway

The El Escorial Experts



A Famous Neighborhood Property – “Bellosguardo”

Most of you are probably aware of the Clark Estate, located high on the ocean bluff adjacent to Cabrillo Boulevard, across from the Bird Refuge and bordered by the Santa Barbara Cemetery. This 23 acre mansion property was given the name of “Bellosguardo” by its original owners, which translates to “beautiful lookout” in Italian. Many of you have probably read the NY Times best-selling book, *Empty Mansions*, which tells the intriguing story of Huguette Clark, the eccentric and reclusive owner of the estate. Huguette Clark passed away in May 2011 in New York at the age of 104, leaving an estate valued at over 300 million dollars. Her estate included a 52 acre French chateau in Connecticut; an exclusive New York Fifth Avenue apartment (encompassing an entire floor of 28 rooms and 14 rooms on another floor); the 23 acre Bellosguardo mansion in Santa Barbara and an amazing collection of art, musical instruments, Gilded Age furniture and rare books.

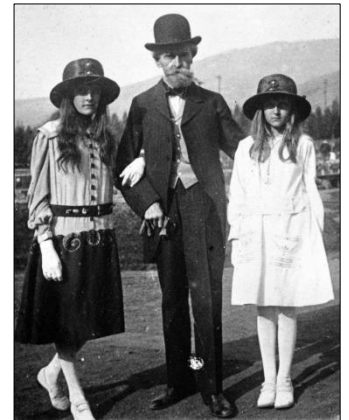


23 Acre Clark Estate, “Bellosguardo” at 1407 E. Cabrillo Blvd.

In spite of her extensive real estate holdings, she spent the last 20 years of her life in a single hospital room in Beth Israel Hospital in New York as a recluse, isolated from outside contact, even though she had no serious health issues. Even more strangely, she acquired the Connecticut mansion in 1952 and never visited it (it sat empty for 60 years before it was sold in 2012) and the last time she visited Bellosguardo in Santa Barbara was in the early sixties. Both mansions and the New York apartment were all meticulously maintained during all of the years of her absence.

Huguette's father was Montana senator William A. Clark, a “copper baron” who made a fortune in banking, mining and railroads during the same era that produced Morgan, Carnegie, and Rockefeller. Clark was born in a log cabin in Pennsylvania, but migrated west and settled in Montana Territory where he eventually became one of the three Copper Kings of Butte, Montana and one of the wealthiest men of his day. He subsequently pursued a long-standing dream of becoming a U.S. Senator. At the time, U.S. Senators were chosen by their respective state legislators. His election resulted in scandal in 1899 when it was revealed that he bribed members of the Montana State Legislature in return for their votes. The U.S. Senate refused to seat Clark when the bribery scheme was discovered. The corruption of his election contributed to the passage of the 17th Amendment to the Constitution which established that the election of U.S. Senators shall be by a vote of the people of the state. A later Senate campaign was successful, and Clark served a single, term from 1901 until 1907.

Clark’s second marriage (he was 62 and his bride Anna was 23) produced Huguette (born in 1906) and her older sister Andrée (born in 1902). Anna had been a ward of Clark’s after his first wife died and there was never any concrete proof that their actual marriage took place. A family tragedy struck the Clark’s in 1919 when Andrée died of spinal meningitis at the age of 16.



W. A. Clark with daughters
Andrée & Huguette



“Bellosguardo” (Continued)

Clark commissioned the building of a mansion on New York’s Fifth Avenue that was completed in 1907. Clark’s goal was to create the finest house in America and he invested an enormous amount of money to achieve his goal, the equivalent of nearly \$180 million in today’ dollars (it cost more to build than Yankee Stadium). The result was ridiculed as “Clark’s Folly,” but it consisted of 121 rooms and was splendid in its grandiosity. This is where Huguette grew up, and lived in this New York mansion until her father died in 1925. Clark bought Bellosguardo in Santa Barbara in 1923, as a summer home for the family. The previous owners, the Graham’s, had acquired the property in 1902 and created the Italian villa on the bluff and named the property “Bellosguardo”. It became a prominent location in Santa Barbara social circles. Clark acquired the property, for a price said to be \$300,000 in cash, or about \$4 million in today's dollars. With William Clark’s death in 1925 a new life was brought to Bellosguardo when Anna abandoned the New York gilded monstrosity and made a fresh start in Santa Barbara.

This started a happy period for Huguette and her mother and they became involved in the social fabric in the area. The New York mansion was sold in 1927 and Anna purchased another Fifth Avenue apartment and from that time forward the two of them shared their time between Santa Barbara and New York. Huguette married William Glover at the age of 22 in 1928. He was a banker whose father had worked with her father. The elaborate wedding took place in Bellosguardo. The marriage lasted only nine months and they divorced in 1930; she claiming he deserted her while he said they never consummated their marriage.

Huguette donated \$50,000 to the city of Santa Barbara in 1928 to excavate the odorous salt pond and create an artificial freshwater lake at what is now the Andrée Clark Bird Refuge (naming it after her deceased sister). Anna initiated improvements to Bellosguardo and hired architect Reginald Johnson (designer of the Santa Barbara Post Office and the Biltmore Hotel) to add a new wing. However, as the design progressed, the decision was made to tear down the entire Italian inspired house and start anew. No expense was spared on the new construction, but Anna avoided the excesses of her husband’s tastes. The new 27 room structure was completed in 1933 in an 18th-century French style. The entire structure is of concrete, including the walls; the floors and ceilings are finished in a variety of fine woods and the exterior is clad in a veneer of Indiana limestone.



**Huguette Clark in 1930
at age 24**

Gradually, over the years, an era of silence and secrecy started to creep into the lives of the mother and daughter. They shared their time between Bellosguardo and their extravagant New York apartment, living in luxury and ease, as they retreated ever deeper into their own world. During World War II, the estate served as the district air-raid headquarters. The sentries walking its bluffs were some of the Bellosguardo estate’s last guests.

As the years progressed, Huguette and her mother spent less and less time in Santa Barbara. Anna’s death in New York in 1963, at age 85, was a devastating blow for Huguette and she continued to shrink even further into a life of private indulgence. It is thought that she never visited Bellosguardo after her mother’s death, preferring to live an insular life in the New York apartment. Upon inheriting Bellosguardo, she provided instructions to the staff that the property should be maintained in a first-class condition and that nothing should change. When Clark left her Fifth Avenue apartment in an ambulance in 1991, she was frail and had cancerous lesions on her face. She initially took up residence at the Upper East Side’s Doctor’s Hospital to be more comfortable and was



“Bellosguardo” (Continued)

later transferred to Beth Israel Medical Center following the merger of the two hospitals. She did not leave the hospital before her death on May 24, 2011.

When Huguette died, two radically different wills emerged, written only six weeks apart when she was 98 years old. The first will bequeathed her riches mostly to 19 distant relatives (descendants of her step-siblings from her father’s first marriage, whom she had never met) and the second will, cutting them out completely. There were irregularities with both wills, several dubious provisions in them and taxes that hadn't been paid in years. The wills were contested, and after a lengthy litigation, a settlement was reached in a New York court in September 2013. The settlement, splitting the \$300 million dollar estate included an award of \$34.5 million to the distant relatives and the establishment of an arts foundation controlling the Bellosguardo property.

The Bellosguardo Foundation for the Arts receives the Santa Barbara property (valued at \$85 million), Clark’s \$1.7 million doll collection and \$4.5 million in cash. The ultimate goal is to open the Bellosguardo house and gardens to the public as a center to “foster and promote the arts”. However, a major problem clouding the future of Bellosguardo and the goal of the foundation is the existence of an outstanding \$18 million tax penalty for unpaid gift taxes. It is hoped that the IRS will waive the tax to enable the non-profit foundation to pursue its goals, but if that does not happen, it could require that Bellosguardo be sold. This negotiation is ongoing and should be resolved within the next year.



Bellosguardo, Viewed Through the Fence

The Bellosguardo Foundation board of directors (19 Directors) that has been formed includes several local philanthropists, but their activity is stalled until the probate is finalized and the tax issue is resolved. Even if the tax issue is favorably resolved, there remain many challenges to overcome before the goal of creating a center for the arts on the property can be accomplished. It is far from clear whether there will be a consensus within the community about how a museum located at the estate might work in terms of public access and traffic management (Cabrillo has major traffic issues during certain times of the day). **Providing** funds for maintenance and operations and finding appropriate

levels of staffing to maintain the gallery are also significant challenges. Before the property could be opened to the public, there are major structure modifications that may be required to bring the property up to current standards consistent with the Americans with Disabilities Act compliance and other public safety guidelines. The foundation will be working with a minimal cash reserve and it is likely that major donations will need to be solicited to deal with all of the issues that need to be resolved. It will be fascinating to see how all of these issues are resolved over the next few years. In the meantime Bellosguardo will continue to be an “Empty Mansion”.

An interesting locally produced, 14-minute video can be viewed by accessing the link below.

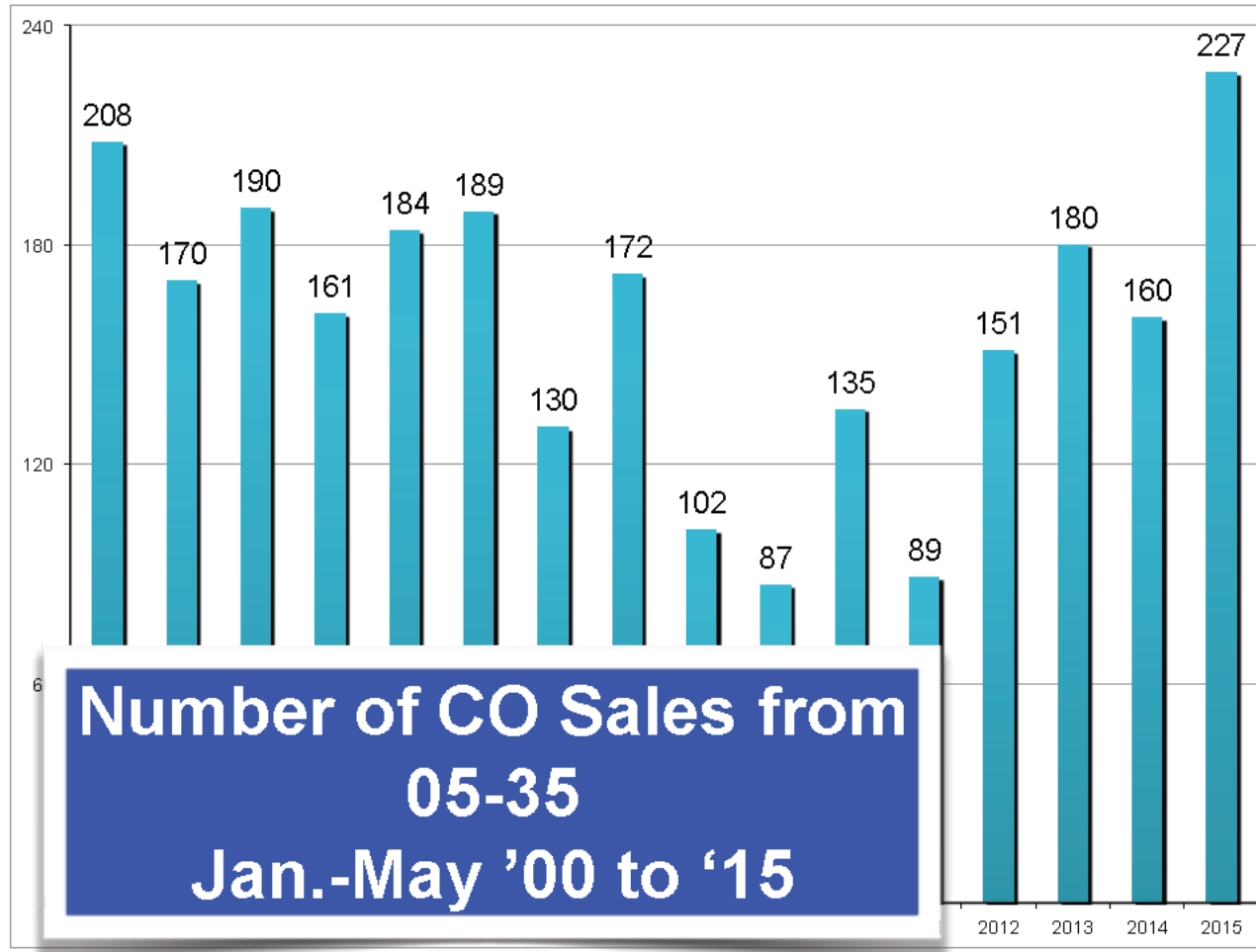
<https://www.youtube.com/watch?v=6dvT9ls4hdY>



The El Escorial Experts

Santa Barbara Condo Sales Off to a Torrid 2015 Start!

The 227 Santa Barbara area condo sales (from Carpinteria through Goleta) for the first five months of 2015 are the highest total since 1999 for the same period and represents a 42% increase over last year. These sales were buoyed by an incredibly active three month period from March through May during which 56, 65 and 53 sales were recorded. These sales were boosted by a total of 20 sales in the Hideaways which is a new development project in Goleta across from Sandpiper Golf Course. The inventory of condos in the South Coast area continues to be very low, with a total of 66 active listings available at the end of May. This represents just over a one month inventory at the current sales rate.

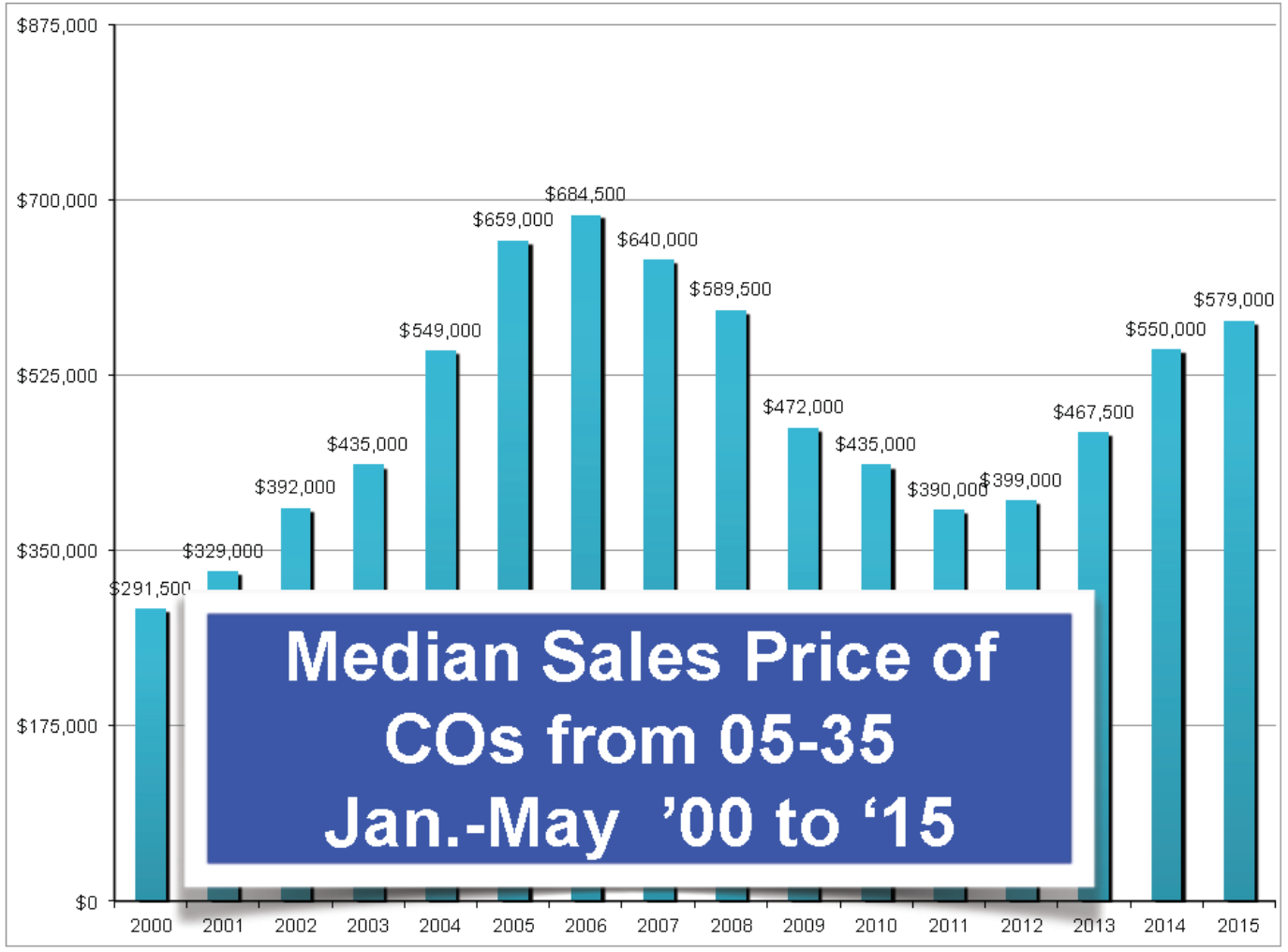


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Santa Barbara Condo Prices Continue to Increase

The prices of condos in the Santa Barbara area (Carpinteria through Goleta) for this year, continued to show upward improvement from the low of 2011. The median sale price for the first five months of 2015 was \$579,000 which compares to a median price for the same period in 2014 of \$550,000, which is a little more than a 5% increase. From the median of \$399,000 in 2012, the current median price represents a significant increase of 45% for the three year period. There should be continuing upward pressures on prices, if this year's market activities continue at the current brisk pace and the inventory remains low.



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El Escorial Market Remains Hot!

The following table provides a summary of the sales activity for the last 12 months. This year is off to a very fast start with a total of nine closings to date and with five additional units currently in escrow. Changes since the April newsletter include six new listings, six new pending sales and four closed sales. The closed sales were all 1-bedroom, Riviera floor plans. Three of the Riviera's were 2nd floor units, selling at \$520,000, \$530,000 and \$540,000. The fourth Riviera sale was a beautifully remodeled ground floor unit that sold for \$560,000. The new listings included five Riviera floor plans and one 2-bedroom Biltmore end unit. There have been a total of 18 sales in the last 12 months.

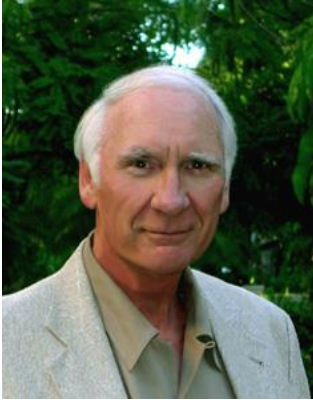
Comparable El Escorial Sales Activity

Address	Floor Plan	Bedrooms	Sq. Ft.	Price	\$'s/Sq. Ft.	Activity Date
Active Listings						
330 Por La Mar Circle	Riviera	1	680	\$569,000	\$837	6/5/2015
434 Por La Mar Circle	Riviera	1	680	\$555,000	\$816	5/18/2015
426 Por La Mar Circle	Riviera	1	680	\$559,000	\$822	5/18/2015
140 Por La Mar Circle	Biltmore	2	1100	\$825,000	\$750	5/12/2015
Pending Listings						
137 Por La Mar Circle	San Ysidro	2	1360	\$995,000	\$732	6/16/2015
458 Por La Mar Circle	San Ysidro	2	1360	\$999,000	\$735	6/13/2015
249 Por La Mar Circle	Riviera	1	680	\$565,000	\$831	6/10/2015
133 Por La Mar Circle	Riviera	1	680	\$549,000	\$807	5/4/2015
456 Por La Mar Circle	Riviera	1	680	\$585,000	\$860	3/23/2015
Sold Listings						
103 Por La Mar Circle	Riviera	1	680	\$560,000	\$824	6/4/2015
138 Por La Mar Circle	Riviera	1	680	\$540,000	\$794	5/15/2015
124 Por La Mar Circle	Riviera	1	680	\$520,000	\$765	5/8/2015
331 Por La Mar Circle	Riviera	1	680	\$530,000	\$779	4/28/2015
253 Por La Mar Circle	Riviera	1	680	\$550,000	\$809	4/13/2015
409 Por La Mar Circle	Riviera	1	680	\$545,000	\$801	4/7/2015
428 Por La Mar Circle	Miramar	1	680	\$530,000	\$779	3/25/2015
148 Por La Mar Circle	Riviera	1	680	\$545,000	\$801	2/24/2015
448 Por La Mar Circle	Riviera	1	680	\$525,000	\$772	1/15/2015
227 Por La Mar Circle	Riviera	1	680	\$515,000	\$757	12/17/2014
347 Por La Mar Circle	Riviera	1	680	\$506,290	\$745	10/21/2014
264 Por La Mar Circle	Riviera	1	680	\$515,000	\$757	10/7/2014
117 Por La Mar Circle	Riviera	1	680	\$545,000	\$801	9/5/2014
449 Por La Mar Circle	Miramar	1	680	\$625,000	\$919	8/5/2014
125 Por La Mar Circle	Riviera	1	680	\$565,000	\$831	7/30/2014
455 Por La Mar Circle	Riviera	1	680	\$625,000	\$919	7/18/2014
163 Por La Mar Circle	San Miguel	2	950	\$725,000	\$763	7/10/2014
159 Por La Mar Circle	Riviera	1	680	\$525,000	\$772	6/24/2014

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