

# The million-dollar home moves inland

As the housing market continues to boom, what sells for \$1 million has gotten smaller



Long-time home appraiser Jim MacGuire admires the more than 20-foot ceilings and the particular attention to detail in this home which costs more than \$1 million. Janine Collins/Sentinel

*Home since 2000* **By HEATHER BOERNER** *Sentinel staff writer*

✓ **T**he rush on housing that created the boom in homes worth more than \$1 million has quietly changed the definition of a million-dollar home. 8-26-02



The home at 101 Sacramento Ave. in Capitola was placed on the market for \$2.9 million in May. The house now lists for \$2.5 million.



The home at 960 W. Cliff Drive in Santa Cruz was listed at \$1.4 million but recently sold for \$1 million.

As more homes sold for that amount — more million-dollar homes sold in 2000 than in the entire decade previous — and as the median home price more than doubled over the past five years, million-dollar homes are no longer confined to the shore.

Lindsay Loperena's Berkeley Way house is a case in point.

Loperena, a surfer, kayaker and part-time developer, bought a Craftsman-style bungalow for about \$200,000 in 1996. It's a squat but elegant home that from the street looks tiny. It's near the intersection of North Branciforte Drive and hasn't a glimpse of the ocean.

But the house fetched \$1 million in July. That's because Loperena spent another \$200,000 refurbishing it and more than doubling its size with a two-story addition.

If Loperena's bungalow isn't what people think of as a million-dollar home, then Loperena himself is not what people think of as the typical million-dollar homeowner.

Loperena, 44, has shoulder-length brown hair and a deep tan from a recent excursion to the Klamath River for a whitewater kayaking trip with his girlfriend. They're both vegetarians.

Upstairs in the couple's bedroom,

## SECOND OF TWO PARTS

lie in front of the sliding glass door. Loperena mentions that he practices the meditative art of qui-gong. On the dressers to either side of the bed, the couple keep altars of feathers, rock and sand to one another.

Loperena moved to Santa Cruz 17 years ago after dropping out of Cal State-San Luis Obispo to be with friends and live the Santa Cruz lifestyle.

He started painting houses. He borrowed the money to build a duplex on Hubbard Street. Then he built a subdivision. Soon he decided to buy a house of his own because he knew he wouldn't be able to stay in the area otherwise.

He's sensitive to the perception of million-dollar homeowners as dot-com outsiders, saying he knows that bewildered people need a target to explain why the market has changed so drastically. But he thinks it's also too simplistic.

"I definitely moved here for the alternative community it offers: the progressive politics and like-minded people," he said. "As for the dot-commer, million-dollar homeowners, I don't run into them. But I'll tell you



# Pricey

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one thing, this house is probably in the top third of the housing market. That means that 30 percent of us are going to have million-dollar homes some time down the road. It's natural for this to happen, and it's also natural for people to want a target."

Indeed, though dot-com millionaires may be what people think of when they think of million-dollar homes, not all of the homes that have sold for that much did so because an Internet millionaire overbid.

## 'A typical baby boomer'

Real-estate agent Andy Kay, who sold the highest cash volume of homes for Bailey Properties in 2001, described the typical million-dollar home buyer as similar to a man who came to see him in June.

"This guy from Danville came to see me; he's a typical baby boomer who's made some money and wants a nice home with an ocean view," Kay said. "He wanted a second home, and he was willing to pay \$800,000. But that isn't what a beach-front home is going for anymore. So he'll probably end up paying \$1 million-plus for it."

Much of the increase also came from home renovations such as Loperena's that increased the value of a home four times.

Architect William Rennie Boyd has designed homes in the county for a dozen years and built them here for 20 years before that. About half his work comes from home remodels, mostly for people who've lived in the area for years. He said since the million-dollar home boom started in 1999, the trend has been toward smaller, more intricately detailed renovations.

"Along with this increasing desire to live and work in Santa Cruz has come a greater appreciation for fine workmanship," said Boyd, who worked with Loperena on his remodel. "A few years back, the million-dollar homes all had an ocean view. But since then, the million-dollar home has moved inland, and it's the amenities that draw the attention. Like Lindsey's home. It's modest from the outside, but the inside is intricate."

In 2001, Loperena found a larger piece of property on the Westside with an ocean view that he bought for more than \$2 million. He's planning to remodel that house, too. But this time he said he plans to stay.

Then there are the new homes that haven't been remodeled or sold for a grand price by longtime residents. As the cost of high-priced houses continued to increase, developers and longtime residents decided to meet the need with custom homes. There are the houses like developer Bill Brooks has sold in Pa satiempo or that are readying for sale off Graham Hill Road.

Contractor Brad Bogard said a measure of the elaborateness of the new custom homes is that his company stopped working only commercial jobs and returned to residential building. He said that now people want something so complicated that they "are more like the construction of a commercial building."

Some of these custom homes are built by people like mortgage adviser Peter Boutell, who also writes a weekly real-



Janine Collins/Sentinel

While appraising this \$1 million-plus home in Santa Cruz, Jim MacGuire admires the backyard landscaping.

estate column for the Sentinel.

Boutell, a longtime Santa Cruz resident, is not a developer, and he never thought he would build a house that would sell for \$1.35 million.

Yet here he is. He and wife Mary Ann Kirch bought a custom home on Caledonia Street by architect Roy Horn and fell in love with his style. So when Horn and a contractor approached them and asked them to be partners in a custom home on Thurber Lane, they agreed.

"We've gotten a lot of attention for our house, and we wanted to create another like it," he said. "It's beautiful, with a Mediterranean style and Mexican tiles."

The \$1.35 million home is a three-bedroom, two-bathroom, 4,000-square-foot home painted a deep adobe red and decorated with Mexican and glass tile and featuring several fireplaces.

## 'Monster home' ordinances

Homes like the one Boutell is selling are not so large that they raise the eyebrows of local public officials.

But that doesn't mean that public officials aren't trying to regulate large, million-dollar homes.

Software tycoon Phillip Kahn was one of the first targets of the Santa Cruz City Council when he proposed a 13,000-square-foot home on West Cliff Drive. At the time, officials called them "monster homes" and passed an ordinance to require a public hearing for any house larger than 3,000 square feet. The proposal was never approved and Kahn put the house on the market in June.

Santa Cruz and the county both have laws that increase the scrutiny on homes larger than 3,000 square feet, and both passed those laws in the last few years, as the boom took hold.

Land-use expert Bill Fulton said the area is just catching up to the typical way that cities deal with the "mansions" of their coasts.

"This has happened all up and down the coast of California," he said. "Anytime the value of the land underneath a house surpasses the value of that actu-

al home, you are going to see price inflation and people applying to build large homes."

But homes like Loperena's come in at 2,410 square feet and aren't subject to such laws, and they still sell for \$1 million.

## 'Mega-homes are over'

While million-dollar homes probably will continue to sell and be built here, it's unlikely many more will sell for \$5 million or \$10 million, real-estate experts say.

After the all-time high of 179 homes sold in 2000, that number dropped to 67 in 2001. By April of this year, 40 million-dollar homes sold. Sales already are outpacing the same time last year, said John Karevoll, an analyst with the La Jolla-based DataQuick Information Services.

But some say the demand for million-dollar homes is far less than the number of homes on the market, and signals that high-end home sellers still are trying to cash in on the housing boom. In June, about a half-dozen homes on Santa Cruz's prestigious West Cliff Drive were on sale for more than \$1 million apiece. At the time, developer Brooks said he "felt they were about a half a million dollars overpriced."

Some of those home sellers have since reduced their price. And the only home that has sold on that street did so for about a half-million less than it was listed at: \$1.03 million.

But from where real-estate agent Anina Van Alstine sits, the high-end home market has never been stronger. The homes may not be selling for quite as much as they did two years ago, but the market is more consistent.

In July, 141 homes were listed in Santa Cruz County for sale for more than \$1 million. That's more than sold during all of 2001, and it's not likely that many of those homes will sell for that much, said real-estate agent Kay.

Of those 141 homes, about 20 were in escrow by the end of July. That's an increase in the number of high-end homes to sell in recent months, brokers

said. Of the homes that haven't sold, some are being taken off the market. Others are seeing their prices drop.

The Rossi Villa, the \$5 million hilltop mansion in Aptos that tech entrepreneur Don Rossi built three years ago, was taken off the market in July after not selling for the asking price. Real estate broker Frank DeBernardo said the owner wasn't willing to reduce the price.

Other high-profile million-dollar homes are still on the market. The so-called "Millennium House" on Merrill Road in Aptos, which is stocked with high-tech comforts like a home theater, four separate temperature-controlled living areas, a climate-controlled, 400-bottle wine cellar and a setup for an observatory with computerized telescope, was listed for \$4 million in May. Now it's listed for \$3.6 million, said real-estate agent Marilyn Johnson. She says now that it will take "someone who is really interested in all the specialties this home has to offer" to sell it. The house will be featured in Silicon Valley Home magazine this month.

A house on Capitola's Depot Hill, at 101 Sacramento Ave., was listed in May for \$2.9 million. Now it's been reduced to \$2.5 million.

A house for sale in the exclusive gated beachfront community on Las Olas Drive was listed for \$10.75 million in April. Real-estate agent Steve Allen of Coldwell Banker said that house's price has been reduced to \$9.9 million as a sign of the seller's "commitment to make a sale work."

Real-estate agent Tom Breznsny of Monterey Bay Properties in Capitola said he thinks that sellers soon will have to acquiesce to the fact that million-dollar homes are here to stay, but they aren't going to be mega-million-dollar homes.

"The days of the mega-homes is gone," he said. "The benchmark used to be \$1 million. Now I think we're seeing a trend toward a new benchmark, about \$1.5 million."

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