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Former Hearst-Davies mansion for sale at \$95 million
September 20, 2010

Hearst-Davies estate in Beverly Hills is for sale, much cheaper

The lavish compound, which three years ago was briefly listed at \$165 million, is back on the market at a far lower price.

September 21, 2010 | By Lauren Beale, Los Angeles Times

Even the palatial former Beverly Hills home of publishing magnate William Randolph Hearst and actress Marion Davies isn't immune to 2010 housing price realities.

The lavish compound, which was listed for sale briefly three years ago at \$165 million, is back on the market at \$95 million (minus almost 3 acres listed last time) nearly a week after its owner, attorney-investor Leonard M. Ross, filed for bankruptcy protection.

The 50,000-plus-square-foot mansion sits on 3.7 flat acres on a hilltop above the Beverly Hills Hotel and comes with staff accommodations, a security cottage, a separate two-bedroom apartment and a two-story, four-bedroom gatehouse. Built by banker Milton Getz, the H-shaped Mediterranean main home was designed by Gordon Kaufmann and retains its original landscaping design by Paul Thiene.

Despite the property's sumptuous features and storied history, the price reduction isn't all that surprising given the condition of the housing business. Median home prices in Southern California have declined 43% since the 2007 peak, according to MDA DataQuick, matching the price drop reflected on the new listing.

Called Beverly House, the 1920s-era mansion has had fairytale moments. John and Jacqueline Kennedy spent part of their honeymoon there.

The estate also has a lurid side, including a movie career highlighted by the famous scene from "The Godfather" in which a horse's head is found in a character's bed.

The current owner filed Wednesday for protection from his creditors under Chapter 11 of the U.S. Bankruptcy Code even though his assets of nearly \$133 million far exceed his liabilities, listed as about \$82 million, court documents show. A news release Monday announcing that the compound was for sale said "unusual circumstances" and "bank maneuverings" led Ross, 67, to seek bankruptcy protection.

The news release cited a lawsuit filed by Ross' company, Rossco Holdings Inc., against Bank of America over a financial transaction involving the Beverly Hills estate.

In 2001, Ross got a \$32.5-million adjustable-rate mortgage on the estate and entered into an interest rate swap agreement with Bank of America to hedge against the possibility that rates would increase, according to court documents. Ross later challenged the legality of the swap agreement. The bank won in arbitration, and Ross lost attorney fees and costs in excess of \$1.66 million.

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Another bank, which Ross didn't name, "is presently attempting through legal maneuvering to affect the Beverly House, even though that bank never made a loan on the Beverly House," Monday's news release said. Rossco and four other related entities also filed for bankruptcy protection. Ross' personal bankruptcy attorney didn't return calls for comment.

The home's fourth owner, Ross bought Beverly House more than 30 years ago. During his ownership he refurbished the structure, expanded the living space by more than 20,000 square feet and reacquired adjacent property that had been sold off.

Most of the individuals shopping in the \$95-million price range are international buyers, said Mohammed Hamza of Century21 Coast to Coast Realtors, Sherman Oaks. Hamza brought the buyer in the \$50-million sale several months ago of a 2.2-acre French chateau estate in Bel Air, which set the record as the highest-priced U.S. residential sale this year. The property had been listed at \$85 million.

"Local buyers are more likely to be looking at the \$20-million to \$30-million range," Hamza said. Los Angeles County has just 29 billionaires in residence, according to the Los Angeles Business Journal, the lowest number in five years.

Hearst was attracted by the same features that the modern-day ultra-rich crave: "Hearst refused other houses in Beverly Hills because he wanted seclusion, privacy and views; all came together at Beverly House," said Jeffrey Hyland of Hilton & Hyland, a Christie's Great Estates affiliate in Beverly Hills, who has the listing.

Davies wanted to keep the appearance of separate residences, even though the couple had been living together for more than 30 years, according to Hyland's book "The Legendary Estates of Beverly Hills."

She deeded her other house on nearby Lexington Road to Hearst. "It would be called the William Randolph Hearst Estate to maintain the fiction that they weren't living together at her Beverly House," Hyland wrote.

The terra-cotta stucco structure blends Spanish and Italian styles. The interiors feature intricately carved ceilings, paneled walls, French doors, balconies and floor-to-ceiling windows. Cascading waterfalls lead to a swimming pool and Venetian columns beyond the poolhouse.

The main level has a 50-foot entry hall with a loggia, a living room with 22-foot-high arched ceilings and a library with hand-carved woodwork. The billiard room retains its herringbone parquet floors and a carved stone fireplace mantle originally from Hearst's San Simeon mansion. Other features include an art deco nightclub, a wine cellar, a gym and two projection rooms.

Will it be enough to attract a buyer in a market with estates priced as high as \$150 million?

"Many people who come to L.A. to look for a large estate are very specific that they need a lot of bedrooms, and most have seven or eight," Hyland said. "We have 16, plus a guesthouse."

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