

BEHIND THE FACADE:

ICONIC MODERNIST HOMES IN DISREPAIR



THE ELROD HOUSE

Location: 2175 Southridge Drive, Palm Springs
Architect: John Lautner, who also designed the mushroom-shaped dome on the estate of Bob and Dolores Hope
Year built: 1969
Last sold: November 2003
Last selling price: \$5.5 million
Size: 8,900 square feet, five bedrooms, 5.5 bathrooms
Lot size: 6.5 acres

The 60-foot-wide circular living room is the first thing guests see when entering the iconic Elrod House. MARILYN CHUNG/THE DESERT SUN

Properties suffer due to bad tenants, owner financial woes

By Dominique Fong

The Desert Sun

The Elrod House perched high above Palm Springs was once the star of a James Bond movie in which Sean Connery and two femme fatales tumbled from the living room-turned-lair into the pool.

That was more than 40 years ago. Today, the 1969 home isn't ready for the silver screen.

The midcentury home and two iconic estates next door — the 1964 Steve McQueen home and 1992 "Boat House" — are now in default in one of the most exclusive neighborhoods of Palm Springs.

They're not the only struggling famous homes needing attention. In south Palm Springs, the 1923 Spanish colonial King Gillette estate suffered through bad tenants whom the homeowner says neglected the property. Street numbers were spray-painted on the white wall near the guest house gate. For a while, a crooked sign greeted visitors.

These are curious tales in a city eager to preserve its celebrity-stamped history and wealth of impressive architecture. What happens to private historic properties usually remains business behind locked gates. Owners of famous homes are typically tight-lipped.

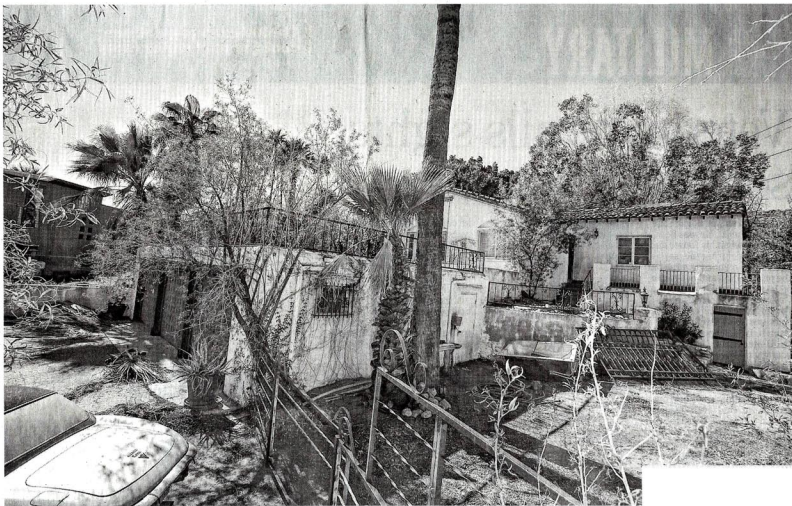
But a string of recent court cases has allowed the public insight into a few of these homes, including the famed Elrod.



The Steve McQueen house was built in 1964. GARY JOHNS/PALM SPRINGS PRESERVATION FOUNDATION

THE STEVE MCQUEEN HOUSE

Location: 2203 Southridge Drive, Palm Springs
Architect: Hugh M. Kaptur
Year built: 1964
Last sold: October 2005
Last selling price: \$2.5 million
Size: 4,500 square feet, four bedrooms, five bathrooms
Lot size: 1 acre



One of the oldest houses in Palm Springs, the King Gillette Estate was built in 1923. JAY CALDERON/THE DESERT SUN

Homes

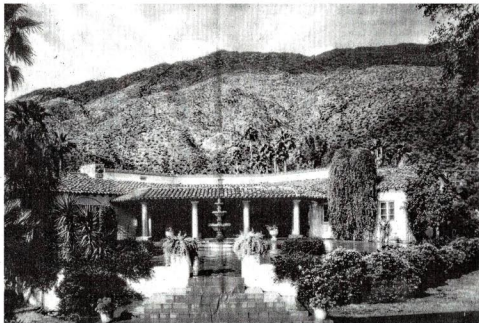
Continued from A1

House.

It can be a financial struggle to hold onto a historic, celebrity-tinged million-dollar home, the cases show.

"Owners of luxury property who find themselves in financial distress may have arrived there because they were more bullish on the market or experience," said Brady Sandahl, a top luxury home agent with HOM Sotheby's International Realty in Palm Springs.

By contrast, some property owners of famous homes fawn over every stone, pouring millions into renovating the walls. Others who can't afford the legwork put their home on the market, hoping someone else will see its true potential.



Property owner Henry Fernandez had this photo of the King Gillette estate in his archives.

PHOTO COURTESY OF HENRY FERNANDEZ

THE KING GILLETTE ESTATE

Main home
Location: 277 W. Crestview Drive, Palm Springs
Year built: 1923
Last sold: October 1987
Last selling price: \$345,000
Size: 4,300 square feet. Three bedrooms, four bathrooms.
Lot: 0.55 acres.
Guest house and pool
Location: 324 W. Overlook Road, Palm Springs
Year built: 1924
Last sold: October 2013
Last selling price: \$370,000
Size: 740 square feet. One bedroom, one bathroom.
Lot: 10,000 square feet.

THE BOAT HOUSE

Location: 2212 Southridge Drive, Palm Springs
Architect: Michael P. Johnson
Year built: 1992
Last sold: January 2007
Last selling price: \$3.8 million
Size: 4,400 square feet. Four bedrooms, five bathrooms.
Lot: 0.49 acres.

JACK BENNY ESTATE

Location: 424 W. Vista Chino, Palm Springs
Year built: 1952
Last sold: March 2001
Last selling price: \$1.8 million
Size: 4,900 square feet, seven bedrooms, 4.75 bathrooms
Lot: 0.79 acres

Sources: Riverside County property records, Zillow, Trulia

The elite enclave of Southridge

An elite enclave of 19 million-dollar estates sits on the rocky hilltops above Palm Springs. A quiet side street turns off the speeding traffic of Highway 111 and climbs up a steep slope to a heavy barred gate, where a uniformed guard keeps watch for snoops.

Architectural legends pepper this affluent neighborhood. The mushroom-shaped dome at the Bob and Dolores Hope estate, currently on the market for \$34 million, peeks over the hill. Its renowned architect, John Lautner, also designed the Elrod House at the bottom of the slope.

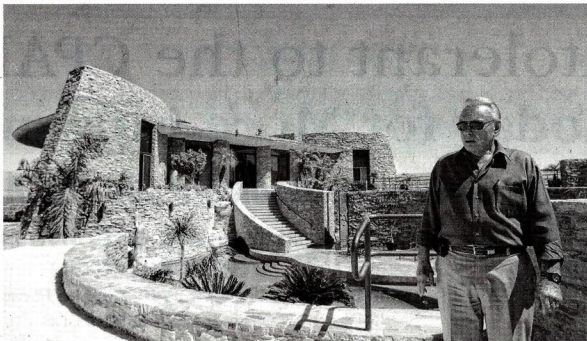
In the early 2000s, Michael J. Kilroy, a real estate investor from Palos Verdes Estates, collected three prime properties in Southridge. Kilroy bought the Elrod House for \$5.5 million, a Hugh Kaptur-designed estate once owned by actor Steve McQueen for \$2.5 million, and the "Boat House," named for its resemblance to a ship's hull, for \$3.8 million. Kilroy's lender granted him a license to act as landlord and to collect rents and profits from leasing the properties, according to court documents.

Kilroy, now 50, also owns the 1952 Jack Benny estate off West Vista Chino Road, a beachfront home on The Strand in Hermosa Beach, and the Loretta Young compound off North Flores Street in West Hollywood. These three other homes are also in default.

Chris Menrad ranks the Elrod House among his top 10 iconic homes in Palm Springs. Menrad is the president of the Palm Springs Modern Committee, which celebrates and preserves modern architecture and design.

"It's a really important house," Menrad said. "It's one of John Lautner's greatest works. It's kind of a tour de force in board-formed concrete. ... It's definitely one of the iconic houses for that era."

The Elrod House is stunning. A 60-foot dome arches over the curved glass walls of the living room and appears to float like a flying saucer. Light filters through nine angled skylights. Due to Lautner's organic de-



Frank E. Dimick has invested in properties in the Southridge community in Palm Springs. In this photo he is photographed at one of the homes that he owns in the exclusive neighborhood. OMAR ORNELAS/THE DESERT SUN

signs, part of the natural rock landscape is integrated into the home.

"Personally, I admire Mike Kilroy for purchasing the important real estate that he has," said Gary Johns, vice president of the Palm Springs Preservation Foundation. "I don't know anybody else that owns three important architectural properties up on Southridge. ... This is a man who's carrying a lot of important real estate."

Johns remembers a retro martini party that the foundation hosted in 2011 at the Elrod House. "The house was in spectacular condition then," Johns said.

Few have been inside the Elrod House since.

Financial troubles in Southridge

In 2009, Kilroy began to rack up debt. He stopped paying his mortgages and most of his HOA dues for the three Southridge homes, according to accusations in court documents. He also stopped paying property taxes.

To be fair, it was a tough time then. During the worst of the re-

cession, homeowners struggled to pay their mortgages. Many opted for a short sale, remained underwater or foreclosed.

Unfortunate circumstances followed. In January 2012, winds of up to 70 mph slammed into the Coachella Valley. Stormy gusts uprooted trees in parks and knocked over palm tree fronds and power lines. In Southridge, the high winds lifted roof shingles from homes and buffeted sections of the Elrod House. Tarp canopies now cover some of the glass panels on the roof.

Three months later, Lloyds Bank plc, a United Kingdom lender, filed a lawsuit in Riverside County Superior Court claiming that Kilroy failed to make mortgage payments on the three Southridge homes and the Jack Benny estate. Kilroy owed at least \$1.8 million combined for the four properties, plus attorneys' fees, costs and interests, the bank claimed. The court appointed a receiver to manage the real estate assets on Kilroy's behalf. A jury trial is set for April 2015.

Frank Sandelmann, Kilroy's attorney who is based in Manhattan Beach, declined to com-

ment on pending litigation, saying he would let the jury trial determine the outcome of the case. Attorneys for Lloyds Bank didn't respond to emails and phone calls for comment.

Kilroy also owed about \$848,500 in delinquent property taxes and those currently due on the four properties combined, according to online records of the county's Office of the Treasurer-Tax Collector.

Kilroy soon consolidated the ownership of the three Southridge homes under one company, Southridge Houses LLC, according to property records.

About the same time, a power struggle for control of the local HOA was brewing.

Over the years, Kilroy and other board members of the Southridge Property Owners Association of Palm Springs had multiple disagreements, property records show. They spurred over the hiring of a guard company and shuttle bus company, a proposal to build a monument and gate for the HOA and short-term property rentals.

But the biggest issue of contention were Kilroy's unpaid HOA dues.

In May 2012, the Southridge Property Owners Association of Palm Springs filed a lawsuit claiming that Kilroy owed at least \$148,730 in assessments. Kilroy had signed promissory notes instead of paying his HOA fees upfront, according to the lawsuit. When the notes were due in March 2012, Kilroy's payments didn't cover the whole amount, said Stephen Fenster, a Woodland Hills-based attorney for the association.

"I wouldn't assume that he doesn't have any money," Fenster said. "Secondly, there's always a possibility of working something out. It's quite possible that arrangements can be made."

Kilroy and the association are pursuing mediation. A trial-setting conference is set for June 11.

Kilroy, through email, declined to speak on the record after multiple interview requests about his three homes and the two pending court cases. Kurt Bochner is listed as the association president in property records. Bochner, through a representative of his Palm Springs rental company, also declined to be interviewed.

Preserving old, historic estates

Big, aging estates need constant grooming. Sometimes they are more work than expected.

Menrad was sympathetic to homeowners who can't keep up with the demands of an estate. Preservationist groups can educate the public about historical properties and encourage their owners to keep up maintenance, Menrad said. But there are no rules to enforce.



A seating area in the master bedroom of the Elrod House.

MARILYN CHUNG/THE DESERT SUN

Homes

Continued from A20

"Unfortunately, there's no way to really push somebody," Menrad said. "It's private property. If they want to let it go to pot, there's nothing you can do."

Other homeowners are doing what they can.

Frank Dimick is passionate about reviving Southridge. When he bought a home and moved to the area in 2003 because of his love of architecture, there were missing guard rails, clogged storm drains and exposed irrigation lines in the common areas. At the time, he led other property owners to make repairs. They have recently rebuilt signs, the main entrance gate and guard house.

Dimick, 72, once dreamed of buying and carefully restoring each Southridge home, one at a time. Over the last 15 years, he purchased and redesigned several homes in the Coachella Valley and was responsible for the architectural design, general contracting, interior design and furnishing of the homes, said Dimick. He is a former Popeye's franchise owner and top executive from Maryland, as well as a former real estate developer, but he is now retired.

In 2004, Dimick completed the \$2.6 million renovation of his second property in the neighborhood: the former home of David Janssen, the actor who starred in "The Fugitive" television show. During construction, crews tore down walls and clos-

"The community is coming back to what it used to be, making it the community it once was."

FRANK DIMICK,
Southridge homeowner

ets that had blocked the view of windows in the great room with 23.5-foot ceilings. Workers painstakingly stacked 45 tons of Idaho quartz stone slabs one on top of the other, like a mosaic, to form the curved wall. It's one of his favorite homes. Called La Piedra, Spanish for "the stone," it's now on the market for nearly \$8 million.

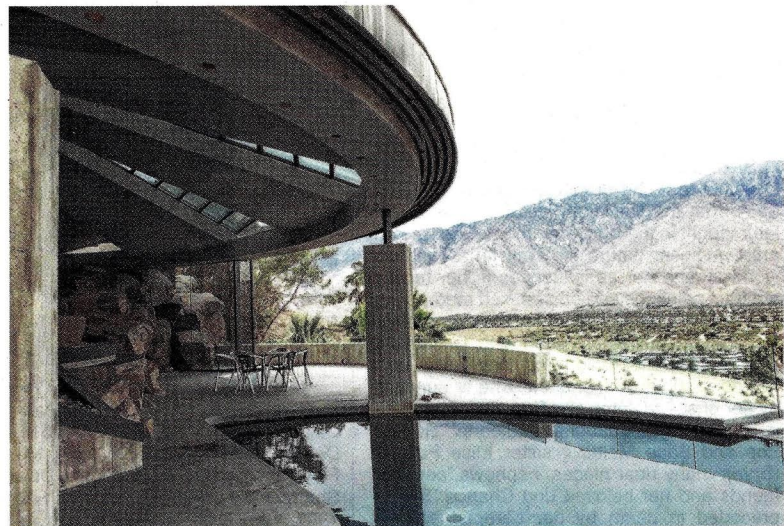
"This one blew me away," Dimick said, remembering when he would sit in a nook of the patio, overlooking the valley. "You're in your own little world up here."

Dimick declined to speak about what drew homeowners to fight for control of the HOA.

"When Kilroy got involved, people bought for the wrong reasons, people that tried to exploit properties for commercial properties were in the leadership," Dimick said.

In January, the HOA rules were amended to prohibit commercial rentals and to make leases a minimum of six months, limiting short-term access from visitors and tourists. The changes were an effort to return Southridge to a more secure, private and exclusive neighborhood, Dimick said.

Down the street from Dim-



The Elrod House is best known for its role in the 1971 James Bond movie "Diamonds are Forever."

MARILYN CHUNG/THE DESERT SUN

ick's two houses, a home once owned by actor William Holden went through a complete renovation under new ownership. The original model home for Southridge also had a million-dollar redesign by its new owners. In recent years, eight of the total 19 Southridge estates have been extensively remodeled. To Dimick, these are signs of better times to come.

"The community is coming back to what it used to be, making it the community it once was," Dimick said.

The King Gillette estate

Elsewhere in Palm Springs is another strange case of neglect.

Cracked paint peels from the walls of a gutted casita like torn paper, revealing yellow-brown splotches underneath. The casita is visible from a public street in the Mesa area of south Palm Springs and appears to be undergoing heavy construction work.

The guest house was once connected to the main half-acre King Gillette estate, named for the founder of the Gillette razor. Now its plywood-boarded windows and crumbling walls contrast with the surrounding shaded, pristine properties of the Mesa neighborhood. Before

it was fixed last Wednesday, a "King Gillette Estate" sign hung at an angle on wooden posts. "Great views," it said.

The eyesore has puzzled neighbor Ruben Mendez, a Windermere real estate agent who lives down the street. The white walls had been covered in dirty brown patches until someone recently painted a fresh coat, he said.

"When I get a bad tenant, the reason why it goes bad is because I'm not there, when I'm not close to the property," said Henry Fernandez, owner of the Gillette estate who lives in Newport Beach.

Not much is known about the 91-year-old estate. The Palm Springs Historical Society has a few photos, but none are of Gillette himself on the property. Fernandez declined multiple requests to see the property.

Fernandez bought the main half-acre estate and guest house in 1987, when his mother lived down the street. After she died, he no longer had an incentive to make the two-hour drive from Orange County. In 2003, he began leasing out the guest house, but it soon became a second job cleaning up after his most recent tenant, he said.

The tenant was supposed to help maintain the landscaping.

But he failed to make repairs or maintain the pool and garden, Fernandez, 64, said. Worse, the tenant had toyed with the King Gillette sign and siphoned electricity from the estate by running a wire from a light on the main back porch to the casita. Fernandez finally had to evict the tenant.

"He emptied the pool, because he didn't want to have it cleaned," Fernandez said. "He did a lot of damage, and that's why I decided to sell it, and just keep the one piece, and do the eviction and get a person who can love it and take care of it back to normal."

Fernandez is in a hurry to sell the estate to the right owner. In October 2013, he sold off the guest house separately to new owners, who tore it apart for a complete restoration. He's now asking \$2 million for the main estate.

After all the trouble he went through, he believes it's time to let go.

"I really don't need it now," Fernandez said. "It's time to move on to another property."

Dominique Fong is a business and real estate reporter for The Desert Sun. She can be reached at

(760) 778-4661,

dominique.fong@desertsun.com and on Twitter @dominiquefong.