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Gates quietly spends \$14 million buying homes near Medina estate

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Over the past decade, Bill Gates has quietly bought up 11 properties, including nine houses, that surround his 5-acre Medina estate, creating a buffer zone that is increasingly turning a small hillside neighborhood into a private holding of the richest man on Earth.

Enormous houses — dubbed "megamansions" — are nothing new to Medina, including Gates' 48,000-square-foot spread, which he moved into in 1997. But this is the first evidence of one of the town's many industry magnates actually buying portions of a neighborhood.

"There's not too many non-Gates property owners left here," said Herb Schwartz, a former insurance executive who moved into the Medina neighborhood 13 years ago.

The properties, totaling 4.2 acres, were acquired by a representative for the Microsoft co-founder between 1994 and 2003 at a cost of nearly \$14.4 million, according to property records.

"This is a family that holds privacy very dearly to them," said family spokesman Joe Cerrell. "The properties create a buffer around the Gates home."

The purchases are common knowledge among neighbors such as Schwartz, who say Gates employees occupy a number of the homes. At least two of the homes are still occupied by people who sold their property to a Gates representative in 2003.

Most neighbors are unfazed by the acquisitions and say the houses and landscaping have been meticulously cared for since they changed hands.

"Obviously they are people who have some connection with Microsoft or Bill Gates, but (the houses) are occupied by families, which is important because it maintains the character and feel of the neighborhood," said Read Langenbach, a real-estate attorney and former Medina city councilman who lives across the street from one of the properties, which has been converted into a plant nursery.

Not everyone is happy about the changes, though.

Paulla Upjohn, who has lived in her waterfront home since 1951, said the home

purchases are part of a larger change wrought by the Gateses' arrival a few doors north of her. There is more traffic on the narrow streets. One home two doors away bought by a Gates representative now stands empty. Casual socializing among neighbors has grown less commonplace, she said.

"I have been very happy with them as people," she said of the Gates family. "But it's changed the neighborhood."

The Gates family strives to be a good neighbor, Cerrell said. He said Gates representatives have met with neighbors occasionally to discuss any potential problems.

"The dynamics of neighborhoods are constantly evolving. I can't comment on whether there's more of a tendency or not for neighbors to spontaneously get together," he said.

Cerrell declined to say who is living in the homes. He said there are no current or long-term plans for the properties, and that he knew of no immediate plans for purchases of more nearby homes.

"That's not to say there won't be any in the future," he said.

Medina officials in recent years have fretted over the noise and dust neighbors must endure during construction of homes on massive estates like that of Gates and his wife, Melinda. Some have also voiced concern about wealthy landowners buying several small lots and combining them to create a single, sprawling estate.

If other residents follow Gates' lead, that could present some challenges for the city of 3,000, said Medina City Manager Doug Schulze. Much of the money the city gets from the state is based on population. If people buy up surrounding houses and don't have people living in them, the city's share of state funding might decline, he said.

Schulze said he knew of one other resident — former Microsoft engineer Charles Simonyi — who owned separate houses surrounding his own. County property records show Simonyi owns two homes adjacent to his.

"Typically, it is just a small number of people who can afford to do something like that. I'd say it's just one of those issues that we need to be aware of and keep an eye on," he said.

Medina Mayor Mary Odermat said she saw no problem with it, as long as the houses remained single-family homes and the properties weren't absorbed into the Gates estate.

Land-use experts say they haven't heard of other wealthy landowners buying up surrounding homes and then housing employees there.

"I think the last time this was done was somewhere back in the 1300s, 1400s, with the English baronial lords," said John McIlwain, senior fellow for housing at the Urban Land Institute, a widely recognized land-use think tank. "There are plenty of wealthy people around, but you don't see them going around buying houses for their vassals."

While none of the property transactions have Gates' name on them, they all bear his mark. The deals are signed by Christopher Carletti, a Gates family attorney who has handled land transactions for Gates, including the acquisition of the land where his mansion sits. Carletti acquired the properties as a representative of a financial trust set up by the Gates family, Cerrell said.

One of the homes faces Evergreen Point Road, a main road through the town. The remainder line Northeast 18th Street, a narrow road of switchbacks down a hill toward Lake Washington, and 73rd Avenue Northeast, which runs past lakefront homes and dead-ends at an entrance to the Gates estate.

The people who sold the property say little about the transactions.

Helen Andrews, whose family sold its property in 1998, said they signed a nondisclosure agreement as part of the sale.

The Guyton family sold its property to Carletti in June 1996, after they complained that construction dust and fumes from the Gates estate were causing them respiratory problems.

"The one thing I heard around that time is they were going to remodel it for their nanny. But I don't know what they've done with it since then," Dr. Steven Guyton said.

Plans for the properties have bumped up against city regulators at least once. Gates officials wanted to use one of the vacant properties to park cars. But city officials objected because it would violate city codes, said Joseph Gellings, who was a consultant to the city at the time and is now the city's planning director. That property now serves as the plant nursery.

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