

# Naples

By [Ethan Stewart](#), April 20, 2006

## Nevermore or Never Better?

To visit Naples in springtime is to bear witness to the sublime. The Gaviota coastal mesa is a sea of swaying mustard grasses that give way to the shimmer of the Pacific and the majesty of the Channel Islands beyond. A rolling patchwork of green foothills and centuries-old agricultural land climbs inland toward the Santa Ynez Mountains in a procession of oak trees, willows, sycamores, sage scrub, and wildflowers. The land is dotted by the occasional modest California ranch-style home tucked between avocado orchards and meandering dirt roads. A northwest breeze brings with it hints of lavender and echoes of the crashing surf along the kelp-covered reef below. A mere three miles removed from the suburban sprawl of Goleta and the clogged freeway exits of Santa Barbara, Naples is the southern entrance to the Gaviota Coast, a gateway to open space, fresh air, and quiet contemplation.

Treasured by the wildlife scientific community as one of the 15 most biologically diverse and ecologically significant regions in the world, Gaviota is home to more than 195 distinct species of birds, 60 species of fish, and 1,400 plant and animal species—including threatened and endangered critters like the steelhead trout, the tidewater goby, the white-tailed kite, the red-legged frog—that have uneasily coexisted with human interlopers for hundreds of years.

And since the 19th century, the Naples area has survived a weird and wild gauntlet of proposed developments and broken dreams. From ancient Chumash villages and haunted churches to exotic orchid farms, submarine attacks, proposed golf courses, a copy of Naples, Italy, the land is again staring into the teeth of development. The latest Naples visionary, or conqueror, is an Orange County developer named Matt Osgood. Armed with a lot-division map circa 1888, Osgood is looking to build 54 luxury homes on a 485-acre stretch of land now known as the Santa Barbara Ranch. The county process is well underway, with the draft Environmental Impact Report (EIR) for the project due in a matter of weeks.

Looking back on the area's colorful history, and looking closer at Osgood's dream to make his mark on the larger community and forever alter the socioeconomic standards of a hunk of land that historically doesn't take too kindly to strangers, one might think the planets governing Gaviota's fate have been perfectly aligned for hundreds of years, waiting to explode like springtime or crash and burn at this precise moment in time.

### The Hills Have Eyes

At first blush, the Santa Barbara Ranch project appears to have begun in 1999, when Osgood and his Vintage Communities corporation purchased the land from the Morehart Land Company for an undisclosed lump of cash. However, the story really begins a half millennium back, with the Chumash tribes who first called the shores of Naples home. In a log entry dated October 16, 1542—some 50 years after Columbus “discovered” Puerto Rico—legendary explorer Juan Cabrillo described native villages that sat opposite each other on the sandy shores of a canyon mouth in what is now Dos Pueblos Ranch along the Gaviota Coast.

Although the Kuyamu and Mikiw settlements eventually succumbed to invaders and faded away in the bloody Mission era, the land they occupied became one of the area's most noted original Mexican-Spanish land grants. In December 1842, 30-year-old Irish-born Nicolas Den, who had come to America several years prior to work for a cousin's mercantile firm, applied for and received the approximately 15,500-acre Los Dos Pueblos land grant. During the days of Don Nicolas, the ranch grew to be one of the most successful cattle operations in the area. However, fortunes quickly changed at Dos Pueblos after Nicolas's death from pneumonia in March 1862. The changing political landscape of California, coupled with the Great Drought of 1864 forced Nicolas's 10 children to split up the once mighty rancho and sell it off piecemeal in a bitterly litigious effort to support the family.

In 1887, John Williams, a vacationing real estate speculator from Ohio, purchased 900 acres of the ranch at the height of California's first land boom for roughly \$50,000 (= \$1,026,000 today). Envisioning an American version of the Italian tourist destination Naples, the 45-year-old Williams and his wife Alice immediately set to designing their “City of Naples-by-the-Sea,” drafting a grid-style map of more than 250 city blocks with streets christened old world names like Capri, Florence, and Pompeii, with the luxurious Crescent Beach Hotel at its center. The Naples Hotel and

the Italian-themed dance hall, post office, schoolhouse, and church were all hastily built for what Williams imagined would become the number-one vacation spot for America's wealthy.

As it turned out, Williams grossly overestimated the demand for such a destination and his vision was dealt a two-pronged death blow within two years. The necessary investors he hoped to attract never materialized, while the Pacific Railroad Company failed to lay train tracks into the area as quickly as promised. Ironically, the map that Williams filed with the county recorder on July 23, 1888 became his most enduring legacy and perhaps the most significant part of the current Naples puzzle. The map, innocuously titled "Plan of Naples Township," identified more than 400 buildable lots on the property.

Fast forward 90 years, to when Morehart Land Company of Carpinteria acquired a majority of the former Naples town site plus additional acreage of Dos Pueblos Ranch bought from Signal Oil, which assumed control of the land following successive ownership and agricultural endeavors by Herbert Wylie and Sam Mosher, noted for their almonds and orchids, respectively. Immediately after its successful land grab, the Morehart Company immediately set about selling off plots to friends and family, creating a virtual checkerboard of family-owned lots. At that time, the land was zoned for unlimited agriculture with a 10-acre minimum lot size, making the Morehart investment extremely lucrative. But the wind shifts quickly on the coast. In the early 1980s, with the adoption of the county's Local Coastal Plan (LCP), the Naples area was rezoned AGG-II-100, requiring a minimum 100-acre lot size per residential development. Anticipating the conflicts this would create with older property maps, the county also adopted antiquated subdivision regulations calling for the merger of substandard lots as a prerequisite for future development. Seeking to protect the value of their Naples holdings, the Morehart family sued the county; after more than a decade of contentious litigation, the California Supreme Court ruled in 1994 that John Williams's fanciful map of Naples lots, drawn in 1888, was indeed valid. One year later, the county officially recognized 233 legal lots on the Naples property, forever altering the landscape of the coastal development debate; the Morehart Company had just begun to fight, however, and quickly renewed its legal efforts to have more than 400 lots recognized by the county. Part of the county's LCP was a Naples-specific stipulation requiring the county to "discourage residential development" at Naples by encouraging the transfer of development rights (TDR) to more urban areas. Commonly known as Policy 2-13, the rule further states that rezoning at Naples is permissible only if TDRs are determined to be infeasible.

### **Land of Oz**

In 1997, Matt Osgood was introduced to the Morehart family patriarch, Jack Morehart, while visiting Santa Barbara from Malibu. According to Osgood, he and Jack hit it off instantly and their families became friends almost overnight. At the time, Morehart was already doing some estate planning, and as Osgood put it, "I showed up at the exact right time." Within a matter of months, Morehart sold Osgood and his Vintage Communities luxury development firm 485 acres of Naples property and its associated 219 antiquated parcels. The deal hung on a Memorandum of Understanding (MOU) with the county that featured a proposal from Osgood to develop 88 houses north of Highway 101, while selling a vast majority of the oceanfront lots south of the freeway to a land trust, thus preserving the coastal blufftop forever.

According to Osgood and his consultant Mark Lloyd, this first MOU fell apart for two reasons. First, the Trust for Public Land (TPL), the preferred purchasing agency for coastal development rights, could never commit to the roughly \$20 million that Osgood wanted for the bluff. After TPL refused to ante up, Osgood went back to his Malibu roots and enlisted the services of the Malibu Nature Trust to purchase the blufftop development rights. Scoffing at the outsider agency, the county quashed this deal and eventually terminated the MOU. Osgood was undeterred, returning in April 2002 with unanimous support from the County Board of Supervisors for a second MOU. The new MOU called for 54 luxury homes, to be splattered on both sides of the freeway, ranging in size from 3,700- to 13,300-square-foot. Mixed among the estate homes were plans for a full-scale equestrian center, a public parking lot for beach access, and varying degrees of continued cattle and farming operations; the new MOU also included a promise from the Morehart family to terminate all remaining litigation against the county. Not coincidentally, the Naples Coalition began to form right around the time Osgood made his 2002 comeback. Comprised of members from the Gaviota Coast Conservancy, the Surfrider Foundation, Audobon Society, Sierra Club, the League of Women's Voters, and Citizens Planning Association, the coalition was uniquely committed to protecting the Naples area—specifically the coastal mesa.

"This whole process is unique. The Naples town site is incredibly unique; the county policies associated with it are unique. Pretty much everything about it is unique and difficult," explained Tom Figg, the county planner in charge of the Naples project. In the four years since the second MOU was agreed upon, the plan has mutated to the point that

the EIR is investigating the impacts of two entirely separate Osgood proposals, known as the original plan and “Alternative I.”

Alternative I, conceived by Osgood with help from his consultant Mark Lloyd, merged his vision for Naples with the estate planning desires of his western neighbors, the Schulte family and its 2,769 acre Dos Pueblos Ranch. The new plan called for a complicated shell-game swap of land and development rights that would result in 14 of Osgood’s proposed homes being moved inland to a less visible 200-acre portion of Dos Pueblos. Additionally, the Schultes would put about 2,300 acres of their ranch into a conservation easement to be held by the Land Trust for Santa Barbara County, forever preserving the historic avocado and cherimoya farming traditions of the ranch, as well as a vast majority of the DP watershed. In return, the Schulte heirs would receive 11 lots north of the freeway and six on the coastal side. All told, the new plan would result in 72 rural estate residences, a generous agricultural conservation easement, public access and parking for the beach, an equestrian center, employee housing, and a series of hiking and horse riding trails for the entire Naples area—a package deal that both landowners and their consultant feel confident will win the eventual support of the county supervisors. Lloyd, who has played a role in helping nail down land deals throughout much of eastern Gaviota, said of Alternative I: “Honestly, I think there’s too much development proposed at Naples, but given all the circumstances I think this deal is as good as it gets.”

Not so fast, say members of the Naples Coalition, who consider Osgood’s first alternative to be headed in the right direction but still far from perfect. According to Coalition leader and former Gaviota park ranger Mike Lunsford, “The Gaviota Coast will become Malibu if we don’t hold the line now. Alternative I is good, but [the land] south of the freeway is sacred; you should not be able to build there.”

At the heart of the opposition argument is Naples reef, an underwater world teeming with kelp-supported life just a few hundred feet below both the Naples blufftop and the would-be sites of 16 mansion-styled homes and their considerable septic systems. The impact of coastal development on this fragile and essential ecosystem—measuring 19 nautical miles—is a source of Coalition horror.

Rather than wring their hands, Coalition members proposed their own development plan, one that looks remarkably similar to Osgood’s Alternative I, except that all blufftop construction is consigned to the Dos Pueblos area. Lunsford is quick to point out that the Dos Pueblos sites have “magical views” of both the ocean and mountains and are protected from the rattle and rumble of nearby Highway 101. The Coalition’s alternative also includes significant mansion restraint, proposing that residences be kept smaller than 5,000-square-foot—a number more in line with the average size of Gaviota homes, or 3,000-square-foot.

### **Brace for Impact**

In the past month, the mandated feasibility study of the TDR at Naples was presented to the County Board of Supervisors, as well as the Santa Barbara City Council. The \$250,000 study—paid for by Osgood—suggested that transferring development rights from portions of Naples to urban receiver sites was a feasible solution that would reduce the project but not to stop it entirely. However, the county supervisors soundly rejected the idea, insisting it would undermine community planning; the City of Goleta refused to even entertain the idea of a coastal/urban rights swap. Ironically, the city furthest away from Naples was the most receptive. “Tell us more,” said the Santa Barbara City Council.

The reaction to the study on the county level surprised both Lunsford and Lloyd. “The county’s reaction actually disappointed me,” said Lloyd. “They should at least leave the door open to TDR.” For his part, Osgood recently went on the record before the supes, offering as much as 36 months grace time for kinks in the TDR system to be worked out if his project gets final approval.

Meanwhile, the EIR examines a swath of hotly contested land that also happens to be a Class Four (out of five) environmentally sensitive region; so, regardless of the legal validity of antiquated lot lines and land-swap deals made with neighbors, Osgood’s proposal is anything but a foregone conclusion. According to county-insider forecasts, the project won’t even come to a vote by supervisors until late this year. In the meantime, Osgood’s alternative must run the gauntlet of public opinion. The former park ranger and the Orange County developer—who call each other “friend” on the outside—perceived that community response somewhat differently. Osgood shrugged off backlash against his plans, saying, “50 people showing up at a meeting because they got an email the day before isn’t much of a resistance.” Lunsford remained confident of the Santa Barbara community’s overwhelming opposition to mansions

on the bluff, promising the Coalition would fight to the end. "Simply put, we will go to court before a house is built on the bluff."

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