

AN APPRAISAL OF A 6-ROOM TOURIST HOTEL AND DUPLEX



LOCATED AT:

10872-10894 HIGHWAY 116
GUERNEVILLE, CA 95446

PREPARED FOR

MR. PAUL OSMUNDSON
SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
777 SEBASTOPOL ROAD
SANTA ROSA, CA 95407

VALUATION DATE

OCTOBER 30, 2021

REPORT DATE

NOVEMBER 19, 2021

PREPARED BY

WILLIAM T. DUNLAP, III, ASA
TREBIA VALUATION GROUP, LLC
POST OFFICE BOX #2954
CASTRO VALLEY, CALIFORNIA 94546



Trebias Valuation Group, LLC

Real Estate Appraisers and Consultants Since 1980

November 19, 2021

Mr. Paul Osmundson
Sonoma County Community Development Commission
777 Sebastopol Road
Santa Rosa, CA 94928

**Re: 10872-10894 Highway 116
Guerneville, CA 95446**

Dear Mr. Osmundson,

Pursuant to your request, I am pleased to submit this Appraisal of the above referenced property.

The Standard of Value (purpose) of this appraisal is to provide an opinion of the value of the Fee Simple Interest as of November 19, 2021. The Function of the report is for acquisition decisions.

The subject is a 6-room tourist hotel and a duplex, situated on a 3-parcel 91,039 square foot lot assemblage. It has average location in Guerneville and competes well with surrounding properties. The property is in fair condition with substantial renovation needed. The C-1 zoning of the front parcel allows for numerous kinds of commercial and residential development.

This report is prepared in conformance and subject to the Office of the Controller of the Currency 12 CFR part 34 sub part C – appraisal standard; the Uniform Standards of Professional Practice, as formulated by the Appraisal Foundation, the American Society of Appraisers, and the Appraisal Institute. The report has also been prepared, in conformity with the Financial Institution Reform, Recovery and Enforcement Act (FIRREA).

This report was prepared for Sonoma County Community Development Commission. Additional intended users are the HCD. It may not be distributed to or relied upon by other persons or entities without the written permission of Trebias Valuation Group, LLC.

November 19, 2021

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Based on my analysis of the surrounding market, and taking into consideration the impact of COVID-19, I am of the opinion that the "As Is" market value of the Fee Simple interest of the subject as of October 30, 2021, is:


NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS
(\$925,000)

VALUE ALLOCATION	
Item	Indicated Value
As Is Value	\$925,000
Personal Property	None
Business Value	<u>None</u>
Real Property Value	\$925,000

THIS LETTER MUST REMAIN ATTACHED TO THE REPORT, WHICH CONTAINS 54 PAGES PLUS RELATED EXHIBITS, IN ORDER FOR THE VALUE OPINION SET FORTH TO BE CONSIDERED VALID.

Very truly yours,

Trebia Valuation Group, LLC



William T. Dunlap, III, ASA
OREA# AG006043
Chief Executive Officer

CERTIFICATION OF APPRAISAL

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the Financial Institution Reform, Recovery and Enforcement Act (FIRREA) and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the American Society of Appraisers.
8. I have made a personal inspection of the property that is the subject of this report.
9. No one provided significant real property appraisal assistance to the person signing this certification.
10. This appraisal was completed for Sonoma County Community Development Commission and HCD. I am under no obligation to disclose or discuss the assignment without their express authorization. Nor should this appraisal be disseminated to the press or other media without the express authorization of the appraiser.
11. I have performed appraisal but no or other services, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

W. Dunlap ASA

William T. Dunlap, III, ASA
OREA #AG006043
CEO

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ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following conditions:

1. See Page 1 of this Report for Property identification.
2. I assume no responsibility for matters legal in character, nor do I render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, except where noted, and the property is appraised as though free and clear, under responsible ownership and competent management.
3. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
4. No opinion is intended to be expressed on matters, which require legal expertise or specialized investigation beyond that customarily employed by real estate appraisers.
5. The exhibits in this report are included to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.
6. The description of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations of land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
7. The statements of value and all conclusions shall apply as of the date shown herein.
8. I have inspected, as far as possible, by observation, the land; however, it was impossible to personally inspect conditions beneath the soil; therefore, no representations are made as to these matters unless specially considered in the appraisal.
9. I have no expertise in the judgment of toxic substances and cannot render an informed opinion whether these substances exist or have an adverse effect on the property. I assume, unless otherwise stated, that such conditions do not adversely affect the marketability.
10. I have made no engineering survey. Except as specifically stated, data relative to size and area was taken from sources considered reliable. Furthermore, no warranty is implied with regard to physical or structural deficiencies, which are not disclosed to the appraiser and noted herein.

ASSUMPTIONS AND LIMITING CONDITIONS (cont.)

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the real property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.
12. I assume no responsibility for unseen economic factors, which may significantly affect the values reported herein, such as changes in mortgage interest rates, demands, and supplies that may have a significant impact upon real estate value.
13. The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
14. Information, estimates, and opinions contained in this report are obtained from sources considered reliable; however, no liability for them can be assumed by the appraiser.
15. The appraiser may not be required to give testimony or to appear in court by reason of this appraisal unless prior arrangements have been made.
16. The appraiser has no present or contemplated future interest in the property, which is specifically disclosed in this report.
17. Use of this report acknowledges that the opinion of values rendered by Trebia Valuation Group, LLC is its good faith opinion supported by a reasonable amount of research and analysis but is ultimately only the unbiased judgment of Trebia Valuation Group, LLC. Failure of its opinion(s) to be accepted for any reason by any party, person or government entity shall not constitute a breach by Trebia Valuation Group, LLC. shall not constitute negligence of any kind, nor give rise to any cause of action by the users of this report.
18. This report does not carry the right of publication. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relation, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm with which it is connected and any reference to the American Society of Appraisers. This report is the property of Sonoma County Community Development Commission.

SUBJECT PHOTOS

Former Hotel and Restaurant Facing West

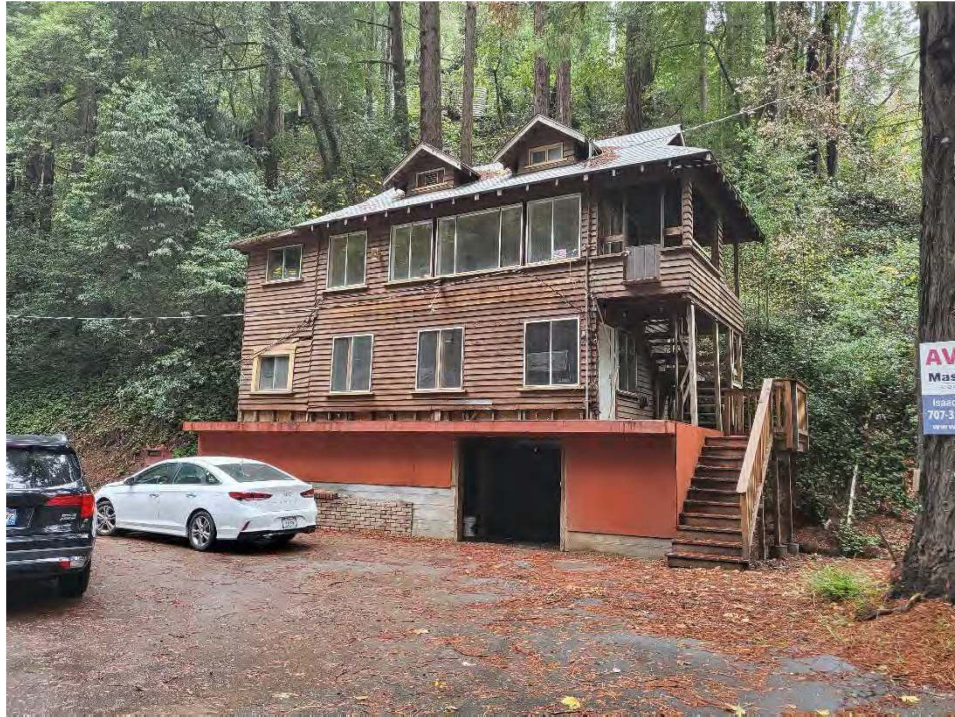


Rear of former hotel and restaurant Facing North



SUBJECT PHOTOS

Former Single Family Building and converted Duplex



Side View Former Single Family Building and converted Duplex



SUBJECT PHOTOS

Garage Area



Rear Parcel



SUBJECT PHOTOS

Highway 116 Facing North



Highway 116 Facing South



SUBJECT PHOTOS

Interior Former Hotel (Restaurant Area)

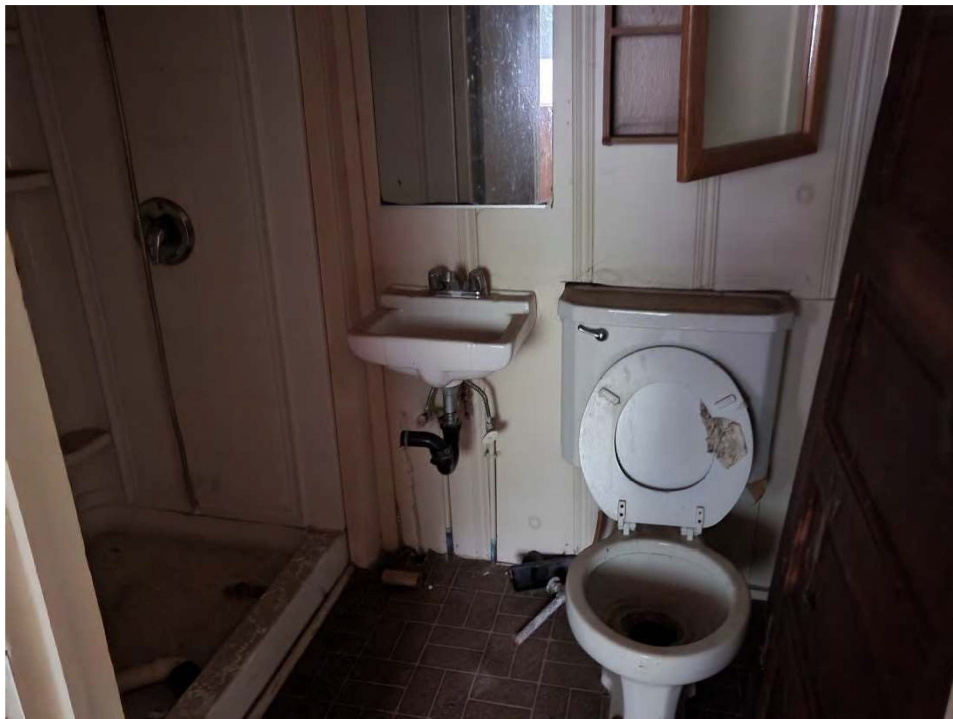


Typical Room



SUBJECT PHOTOS

Interior Former Residence



USPAP COMPLIANCE INFORMATION

Legal Description – Lots 1 thru 8 and 10 thru 23 Block 23 Russian River Heights and sub of blocks 3-6, 11, 13, 20 and 21.

Statement of Ownership and History of the Subject Property:

The property is a 6-room hotel known as the George’s Hideaway built in 1915. The property also contains a single-family house converted into 2, duplexes and counted as 2 units. The subject is valued as an 8-unit property. Ownership of the subject is vested in the Thomas J Burger Trust. There is a pending contract of sale at \$895,000. The subject was listed for sale at \$849,000. There were competing offers. The subject contains about 4,842 square feet of gross building area. It is situated on 3 parcels with a combined area of 91,039 square feet. There were no sales in the past 3 years. Prior uses are unknown.

Real Estate Tax Information:

In California, all real property is assessed at 100% of full cash value (which is interpreted to mean market value of the fee simple estate) as determined by the County Assessor. Generally a reassessment occurs only when a property is sold (or transferred) or when new construction occurs (as differentiated from replacing existing construction). In the case of the long-term ground leases, the general rule is that a reassessment is made at the time of assigning or terminating a lease where the remaining term is more than 35 years. For reassessment purposes the lease term includes all options to extend. Assessments for properties that were acquired before the tax year 1975-1976 were stabilized at the tax year 1975-1976. Property taxes are limited by state law to 1% of the assessed value plus voter-approved obligations. If no sale (or transfer) occurs or no new building takes place, assessments may not increase by more than 2% annually. Taxes are payable in two equal installments, which become delinquent after December 10 and April 10, respectively.

ASSESSMENTS AND PROPERTY TAXES					
APN	Assessed Value	Tax Rate	Base Tax	Special Assessments	Total Tax
072-220-026	\$271,299	1.10210%	\$2,989.99	\$1,275.69	\$4,265.68
072-220-027	\$86,764	1.10210%	\$256.23	\$1,254.65	\$1,510.88
072-220-029	\$0	1.10210%	\$0.00	\$80.68	\$80.68
Total	\$358,063		\$3,246.22	\$2,611.02	\$5,857.24