

December 4, 2006

TO: SVHCC

Bob Kowal, Sonoma Valley Hospital
Carl Gerlach, HFS Consultants.

From: Cynthia Wood Real
Estate Broker

RE: Valuation of current Hospital Site and 3 additional lots currently used as parking
Assumption: Properties to be sold for a single family residential use, without using any of the existing structures, in 2013

This analysis is a proforma only (and only as good as the assumptions) for potential sale to a developer for future residential use with current structures being demolished. The assumptions are just that and this estimate of value is only as good as the assumptions (*) but is based on taking current value land value, less demolition costs and extrapolating it out for about 6 years, the approximate time frame to approve, construct and occupy a new facility at a different location.

Current	Size	Parcel #	Use
Parcels: 347 Andrieux Street	3.56 Acres	(2 parcels #2,3)	Hospital
403 Andrieux	10,000 sf	(2 parcels #9,20)	Parking
418 Andrieux	9300 sf.	(1 parcel #12)	Parking
390 Andrieux	9717 sf	(1 parcel # 1)	Parking

According to David Goodison, City Planning Director, the main hospital parcel will require a rezoning and approval by the City Planning Dept and City Council. There are potential legal issues regarding the Sebastiani CCR's but my personal opinion is that reuse to housing would be a positive, should that be the choice of the hospital district. The likely residential zoning would be Sonoma Residential which allows for minimum 5000 s.f. 10ts/8units per acre. Without including any potential bonus for affordable housing, the number of lots would be:

Main Hospital Parcel:	*28-31 lots for the main hospital parcel
Separate Parcels:	1
TOTAL	*31-34 Residential Lots

Based on current new home sales within the city limits, a new 1500 sq.ft home would sell in the \$600,000-\$700,000, assuming a 5% increase in value over 6 years the average sales price would be in the \$800,000 price range. Cost to build would be in the \$250\$300 psf range on a conservative basis. Therefore:

Analysis:	*\$750,000 Sale Price(conservative)
-300 X 1500 s.f	<u>≡* \$240,000 Construction cost</u>
	\$510,000 retail land cost
-Builder profit/lot	<u>*-\$250,000</u>
Lot value	\$260,000/10t
X 31 lots	\$8,060,000 Value before demolition
Less demo cost (est.)	<u>-*\$4,000,000</u>

Approximate Parcel(s) value=\$4,060,000 in 2016