

## PROPOSED FLYER'S CREEK WIND FARM

### PRESENTATION TO P.A.C. PANEL

14<sup>TH</sup> February, 2014

#### 1. INTRODUCE MYSELF.

I am a resident and Councillor of Upper Lachlan Shire, the shire which is unfortunate enough to be targeted as home to 11 or 12 wind "farms" comprising 600-700 wind turbines. Whilst I am speaking as a Councillor, I am not speaking on behalf of Council, though I would point out that our Council has opposed the last three wind "farm" proposals in our shire.

Also, I cannot claim to be speaking as an "expert" on the topic in the usual sense of that word because my university qualifications are in a different field. Nevertheless, I have had about 10 years of study, research, and engagement in this issue which is blighting our shire and our community.

#### 2. MY FOCUS IN THIS PRESENTATION

No doubt other speakers here will talk about wind "farms" and Health, Fire Fighting Issues, Avian Impacts, Limitations on Aerial Agriculture, Destruction of Social Cohesion, Visual Effects, their Intermittency, and so on.

I wish to focus only on the devastating impact that these industrial projects have on PROPERTY VALUES of those people who have learned that they are about to have these giant industrial machines as their near-neighbour.

#### 3. FOR RATEPAYERS AND COUNCILLORS (who may be present)

As a Councillor, I have a concern that the negative impact that wind "farms" have upon the value of nearby properties will create problems for councils in maintaining their rate revenues – so much so that I recently presented a paper on this issue to my Council (**see Attachment 1**).

Without going into the complex details and arithmetic here, the Conclusion of my paper sums up the impact:

*" ... the model shows that if a Shire is to maintain its State-determined Rates Income when some properties are significantly devalued (for whatever*

*reason), then all the properties that are not devalued will have to bear an increase in their annual rates bill (to compensate for the lower rates to be paid by the devalued properties)."*

#### **4. WIND "FARMS" AND NEARBY PROPERTY VALUES**

4.1: Whether property value impacts is in the Panel's brief or not, I urge the Panel as an independent-of-government Commission to include it because it is a matter of very real and great concern to scores if not 100's of local families.

4.2: Of course, the developer will deny there is such an impact, and will probably trot out the flawed 2009 study by the N.S.W. Valuer-General or even the much-touted but equally questionable Berkeley Studies from the U.S. in support. I will refer to these later in my presentation, but now will provide both **overseas and local studies and cases** as evidence of this impact.

4.3: In Denmark, since 2009, it has been government policy, decreed in the "Promotion of Renewable Energy Act (Act 1392)" of 27.12.2008, that:

*"... developers to pay compensation for loss of value of real property following erection of wind turbines."*

If no agreement is reached, the loss of value is to be determined by an Appraisal Panel (**see Attachment 2**).

From 2009 to 2012 some 551 compensation claims were awarded totalling 31.2M kroner, and averaging 57,000kroner per claim. Recipients and their agents, however, claim the awards are inadequate and tokenistic. For example, Mr Torben Tornvig from near the town of Bande in Jutland received 75,000kroner, but his agent says the nearby turbine (630m) has devalued the property by 500,000kroner and has probably made it unsaleable (see 'Copenhagen Post', 12.11.2012).

My point is that, regardless of the actual loss of value, here we have probably the most pro-wind government in the world conceding that there is a loss in value and legislating to compensate for it.

4.4: The study by Gardner Appraisal Group Inc. of wind farms and property values in Taylor County in south Texas in 2007 is quite telling. The 45-page



study used a “paired sales” methodology (the second most favoured method of the U.S. Appraisal Institute) and in summary found that:

*# a property within sight and sound (0.2-0.4 miles) of a wind turbine sold for between 17% and 35% less than 4 comparable properties elsewhere.*

*# a property within sight but less sound (about 1.8 miles away) sold for between 15% and 34% less than 4 comparable properties elsewhere.*

Indeed, the study also found that the turbine host property sold for 37% less than other comparable non-host properties (see **Attachment 3** and refer to [www.gardnerappraisalgroup.com](http://www.gardnerappraisalgroup.com)).

4.5: The study by Lansink Appraisals & Consulting of the effects of wind “farms” on property values in both the Clear Creek and Melancthon areas of Ontario, Canada, in 2012 is another study of merit.

The 71-page report shows a price diminution of between 22% and 55% with an average of 36% for those sold properties near the 18-turbine Clear Creek project, and between 23% and 58% with an average diminution of 39% for those near the 133-turbine Melancthon wind “farm” (see **Attachment 4**).

It is of interest here that there are currently about 10 lawsuits before the courts in Ontario on this value-loss issue, some of which are using Lansink’s studies as evidence. Note also, the U.K. Valuation Office Agency has recently ruled that homes near wind turbines should be placed in a lower rating band. (see [www.lansinkappraisals.com](http://www.lansinkappraisals.com)).

4.6: Briefly, two other overseas studies illustrating this value-loss impact are worth mentioning.

# The study by Sunak and Madlener in Germany in 2012 assessed 1405 residential property sales in the towns of Reine and Neuenkirchen near a 9-turbine project. A quote from the Abstract to the 32-page report states

*“Focusing on proximity and visibility effects caused by wind farm sites, we find ... significant negative impacts on surrounding property values.”*

Specifically, the study found that:

*"Loss in value increases the nearer the turbine -- under 1.5 km prices fell 21.5% to 29.7%; beyond 3.5 km loss is statistically negligible.*

Note that this study is by academics, not specialist real estate appraisers, and that it uses the Regression Analysis Method much favoured by academic researchers in this field. (see [www.eonerc.rwth-aachen.de/fen](http://www.eonerc.rwth-aachen.de/fen))

# The study by Chris Luxemburger in 2008, titled *"Living With the Impact of Windmills"*. Luxemburger was the Chair of Brampton Real Estate By-Laws Committee, and published his paper after a 3-year study of 600 property sales around the town of Shellburne in Ontario. Briefly, he found that:

*"Properties near turbines lost 20-40% (average \$48,000) compared to similar properties elsewhere."*

*"Properties near turbines took more than twice as long to sell compared to properties elsewhere."*

*"Four times as many properties near turbines could not be sold at all compared to others elsewhere."*

Following are a number of local cases that again illustrate the awful negative impact that these industrial projects have upon, particularly, good rural folk.

4.7: Mr John Benjamin of Storriers Lane, Bannister, near Crookwell now has two 150m tall turbines less than 900 m from his home and another dozen or so within two km. Already, in trial runs, the audible noise from the machines is unbearable, their siting completely ignores Council's D.C.P. requirements, as well as the State Government's "draft" guidelines.

Now, instead of living out his time on his beautiful and highly-improved farm, he may have to move – but already two local estate agents have told him that his property value has been reduced by up to 60%, and even then it might still not attract a buyer (**see Attachment 5**).

4.8: Richard and Sally Bird of Woodhouselee, near Crookwell, will have 7 or 8 turbines of the Crookwell III wind "farm" (still awaiting approval) within 1 and 2 km of their cottage and one-acre garden where they had hoped to spend their retirement years. Having their dreams dashed, two years ago they put



their property on the market, but found the mere potential of the turbines deterred buyers.

Interestingly, one undeterred couple found however that various lending institutions would not provide finance because of:

*"...property devaluation over time because of the wind farm proximity"*

Late in 2013, the Birds found a buyer by dropping the price by \$30,000 (**see Attachment 6**).

4.9: Steven and Kylie Ward of Pejar, near Crookwell, will also have a turbine of the Crookwell III development less than one km from their home and another 8 within 2km. Their property has been on the market since 2009, with many "lookers" eager at first to buy (given its glorious views), but all backed off once they learned of the proximity of the turbines.

They did, however, have two firm buyers who were undeterred, but both made offers more than 25% below the market price the Wards were asking, so the property is now off the market and the family has moved home at some financial stress to Crookwell (**see Attachment 7**).

4.10: Wilfred and Jean Dooley, also of Pejar, have had their property on the market since 2004 when they first learned that they would have numerous turbines on their western boundary from the Crookwell II wind "farm" and then more on their eastern side from the Crookwell III project. Over these years, 8 agents have brought scores of potential buyers to this choice property but all have withdrawn, despite several reductions in the asking price, upon learning of the turbines.

In late-2013, they at last found a buyer only after once again reducing the price to 42% below their asking amount and at a level 20% below the Valuer-General's Unimproved Value (**see Attachment 8**).

These four cases show that real families, real people, have their hard-earned assets and financial security diminished if not wiped out by wind "farm" developers pushing ahead with their projects regardless in order to reap their consumer-subsidised millions.

Might I add, it is common practice for the wind industry to dismiss this sort of evidence as “merely anecdotal”. This is an absurdity because it is the collection of such real life cases – such “anecdotes” -- that makes up the raw data which is the basis of proper empirical studies. That is, research based upon observation of what is actually happening in the real world, not research based upon desk-top theorising.

## **5 . TWO OFT-QUOTED PRO-WIND FARM STUDIES IN THIS MATTER .**

The wind industry uses, amongst some others, two recent overseas studies.

5.1: The Crystal Rig – Dunbar Study,2011, carried out by the Edinburgh Solicitors Property Centre (ESPC), looked at land sales near the Crystal Rig wind “farm” in Scotland. It found no evidence of a negative impact, and indeed prices had risen in the town of Dunbar since the project began operating in 2007.

However, locals point out that the wind “farm” is nestled in hill country 7.5 miles from Dunbar and cannot be seen from anywhere in it. Also Dunbar is coming into demand as a commuter “suburb” for the nearby city of Edinburgh.

5.2: The Lawrence Berkeley National Laboratory Study by Hoen and Wiser, titled “*The Impact of Wind Power Projects on Residential Property Values in the United States: A Multi-Site Hedonic Analysis*”.

# The first study was undertaken in 2009, and it was updated in 2013. The recent study included data from over 50,000 home sales in 27 Counties spread across 9 States. All homes were within 10 miles of a turbine, and 1198 homes were within only one mile. The finding used by the wind industry was:

*“... we find no statistical evidence that home values near turbines were effected in the post-construction period or post-announcement/pre-construction periods.”*

# However, to a large extent, the same criticisms can be made of this later Berkeley study as Michael McCann (principal McCann Appraisals LLC) made of the 2009 work.

Partiality: The study was again funded by the U.S. Department of Energy, which along with the University of California, is vigorously and publicly “pro-



wind". Given this repeated funding from a biased source one cannot be blamed for a degree of scepticism as to its impartiality.

The "Swamping" Effect. The authors chose a 10-mile radius, and barely 2% of the homes were within one mile of a turbine. Despite their claims to have accounted for this by complex mathematical means, it is difficult to believe that in the averaging process the loss results of the fewer sales close to the turbines were not outweighed by the tens of thousands of unaffected sales in the more distant zones – especially, given Sunak's findings above.

The "Pooling" Effect. By lumping together the results of over 50,000 sales in 27 different Counties over 9 States, there is a strong possibility that the study did not adequately take into account the myriad of highly local factors – a new factory or shopping centre, school, hospital, etc nearby, or a change in local taxes, ethnic mix, planning laws, etc – that may have impacted on local prices as well as the proximity to turbines.

Subjectivity. The U.S. Appraisal Institute favours Case Studies and Paired Sales as the two most reliable methods of assessing value impacts because their results compare like with like and actual pre- and post- values. The Institute ranks Regression Analysis – the method used in this study – in only third place and as less reliable because in seeking "statistical soundness" subjective decisions have to be made that may distort the result. For example, they exclude properties that did not sell, relative times taken to sell is not a factor, I doubt that developer buy-outs and discounted re-sales are included, and in the 2009 study the authors omitted many sales that "...deviated too far from the mean".

## **6. FINALLY**

Should the Panel, despite the weight of evidence produced here, approve this project, I ask of you the following:

6.1: Follow the Danish example and stipulate significant and realistic compensation for near-neighbours impacted by loss of property value and rural amenity.

6.2: Impose not only stringent Conditions of Consent, but just as importantly effective policing powers of those conditions – not some anonymous phone number that is an answering machine after 4.00 pm and at weekends.

6.3: Breaches to lead to significant monetary fines, and immediate shut down of the offending turbines, so that the operator is motivated to not create nuisance and when he does to rectify it immediately.

Panel Members, it has been our recent experience in Upper Lachlan Shire that these developers have little or no concern for local impacts, and often do not even comply with Constructional Conditions of Consent – how can we be confident they will comply with their Operational Conditions of Consent? Perhaps 6.1 to 6.3 above might help.

Please:

1. RECOMMEND AGAINST THIS LOCALLY UNPOPULAR AND DIVISIVE PROJECT.
2. IF NOT, FOR THE FIRST TIME REQUIRE NEAR-NEIGHBOURS TO BE COMPENSATED FOR LOSS OF PROPERTY VALUE.

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