Siting, Zoning & Taxing of Wind Farms in Illinois Conference 2011

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Property Value Guarantees & Decommissioning Costs
February 9, 2011, 3:15 PM
PROPERTY VALUE GUARANTEE PROTECTION PLANS

Where did they arise
Early History
Wind Farm Property Guarantee Plans
Problems and Advantages
Property Guarantee Protection Plans

- A property guarantee protection plan is a condition imposed for a project that promises to reimburse residents for any loss in value due to that project.

- Project Participation Plans

Property Guarantee Protection Plans

- Arose from perception that various developments cause a loss in value to surrounding properties.

- Some Examples
  - Power transmission lines
  - Landfills
  - Animal confinement units
  - Railroad lines
  - Office buildings
  - Apartment buildings
  - Public parks/trails
The perception that a development affects surrounding property values can be applied to a variety of different property types.

Only limited evidence that surrounding property values are affected.
Property Guarantee Protection Plans

- Originated in the Landfill Industry
  Countryside Landfill near Gray’s Lake Illinois
  Purpose was to protect any possible impact on the then proposed Prairie Crossing development project
Property Value Guarantee Protection Plans

- Illinois Counties with guarantee plans for wind farms.
  - Livingston
  - Dekalb
  - Both of these counties have landfills and have property guarantee plans associated with their landfills

- Lee County Plan
  Instituted for Mendota Ridge
  There was a 5-year limit on the plan
  No property owner ever used the plan

  County decided not to renew the requirement for a property guarantee protection plan
Property Value Guarantee Protection Plans

- Characteristics
  - Appraisal of property as if no project within so many days of being offered the plan
  - When homeowner wants to sell property, it must be reappraised and a market value established
  - Placed on market at appraised amount with real estate agent
  - If the agreed price is not met, then company subsidizes the difference, or at its discretion, can buy the property at appraised value.
Property Value Guarantee Protection Plans

- **Problems with the plans.**
  - They only benefit people who will be selling their house
  - The plans can be difficult to administer
  - County by default will end up administering the plan
  - Series of deadlines that have to be met
  - The process involve several appraisals
  - Who hires the appraiser(s)
  - Is the appraiser properly informed and understands the scope of work involved
  - Similar questions concerning realtor and offering the property on the market
  - Can negatively affect the prices being paid in areas beyond project area
  - Can be confusion as to what loss is being guaranteed

- **Advantages.**
  - For the company it is a positive commitment evidencing the belief that there is no impact, which in the long run helps the company to earn credibility
  - Facilitate permitting process
The data would indicate that there is no real problem that needs to be solved.

Project participation plans

Alternative that is often proposed is a landowner participation plan where non-participating parties are given an annual payment over the life of the wind farm operations.

Spreads the benefits because you don’t have to sell your property to benefit from the plan.

No issues to cause legal disputes.

Simpler to administer.
Acknowledgements

- Ken Bleyer, Public Outreach, Civic Practice LLC, Austin, Texas (kb@civicpractice.com)
- Chris Henkel, Zoning Director, Lee County, Dixon, Illinois
- Chris Lannert, Planner, Lannert Group, Geneva, Illinois (tlg@lannert.com)
- Bennett Lasko, Attorney, Drinker Biddle Reath, Chicago, Illinois (bennett.lasko@dbr.com)
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