

A submission relating to the document:

Review of the Impact of Wind Farms on Property Values, July 2016, Urbis

My first ever communication with the Department of Planning was on the subject of devaluation of lifestyle properties in the presence of wind farms.

My first ever question to a wind farm developer elicited the answer: "I don't believe that wind farms impact property prices"

My interest was captured.

Over the years it has been a major research interest but has declined recently as the Department of Planning continues to hide behind an 8 year old judgement of Preston CJ of the Land and Environment Court instead of advising their Minister of required legislative changes.

In the Department's recent determination for the Sapphire wind farm, modification 1, they sum up their attitude succinctly:

"The Department notes that the proposed project is a permissible land use under the relevant statutory instruments and is able to be undertaken generally in accordance with the applicable guidelines. Consequently, the Department does not believe that potential impacts on property values and potential future development of surrounding land is a determinative issue for the application."

I rarely comment on the subject nowadays unless someone writes some nonsense. Urbis Pty Ltd, the Department of Planning (DPE) who has published this document and the NSW Office of Environment and Heritage (OEH) who commissioned it have collectively obliged.

In summary, the Urbis study is the worst one I have ever seen on the topic both from Australia and overseas.

You cannot make any judgements on the impact on NSW property values from six sales in NSW (nor from any in Victoria), at least **two** of which are related party transactions and are therefore worthless as a data source to start with.

I don't plan to repeat most of what I have written before. You can start with the Rye Park wind farm submission 150819 and work backwards. I will respond in detail to the first EIS that references Urbis 2016, or heaven forbid should the Department of Planning be tempted to do so.

If the

"Department does not believe that potential impacts on property values and potential future development of surrounding land is a determinative issue for the application.",

why was this study commissioned and why is it published as part of the new Wind Energy Framework?

The only documents on exhibition that reference property devaluation are the Urbis study itself and the deceptive and misleading section of the Frequently Asked Questions.(see further) All other references in the key departmental documents have been excised. What was a key determinant in the 2011 guidelines has been expunged. I do recall some 2011 wind industry submissions recommending this course of action.

I understand (but do not accept) the reasons for this but, as devaluation of their properties is a major issue with residents surrounding wind farms, and as every exhibition will attract multiple submissions

on the subject, the Department needs to address it, even if it is to look us in the eye and tell us our concerns are immaterial and irrelevant. Community concern was once again strongly reinforced in the DPE community meetings discussing the Wind Energy Framework.

The Study - Overview

Why was the sample restricted to properties less than 2 kilometres from a wind farm?

Not only does it reduce your sample size to the point of statistical irrelevance, it makes all the overseas and local studies referenced for comparison (more) irrelevant as well. The “Valuer General’s Study” did not have this restriction.

The sample was further reduced by the choice of methodology, “same property resale analysis”. The authors of the “Valuer General’s Study” 2009 (regularly referenced by Urbis) ran into the same problem and expanded their study to include a “matched pairs” analysis which enabled them to evaluate more sales in the period they chose (after the wind farm was commissioned). Matched pairs analysis requires a strong valuing skill and extensive field experience, which the authors, Duponts, had. The advantage of the Urbis approach is that it can be done at a desk. The skill required to analyse data on a PC is widely available.

The last paragraph of the Urbis approach (page 32) gives the game away:

“The variation in sales price growth is then discussed, combined with the specific factors of the property that may have resulted in a negative impact.”

Translation: If we find a negative impact, we rationalize it away. We don’t examine further if the result shows no impact as that was what we expected when we started the study.

(The Department of Planning, if specifying this study under the same parameters, would probably indicate that the **residence** should be within 2kms of a **turbine**. OE&H specifies (we assume), 2kms between the **property** and the **wind farm**. Inconsistencies don’t make for realistic comparisons.)

Literature Review.

Urbis firstly advises:

“The study has included a literature review of available studies and papers which consider the impact of wind farms on property values. For completeness we have also included the literature review undertaken as part of the 2009 NSW Valuer-General’s assessment of the impact of wind farms on property values in Section B.1. This is a direct transcription of the literature review as it appeared in that study.”

The Urbis study does **not** include a review of available studies. It reviews a small selection of the available studies and papers.

Also, a direct transcription of the studies from the “2009 NSW Valuer-General’s assessment” repeats the errors and irrelevancies contained in the original report. Once again, much of this has been documented and is available on the Major Project Register. Start with submission 128542 for the Biala wind farm.

Reminds me of “stocking fillers”

Urbis then offers a selection (six) of more recent studies that would appear to be more representative in that some of them do report findings of property devaluation. Conveniently though, Urbis manages to find limitations with some that did find devaluation (Gibbons, 2014, Heintzelman et al, 2014) or unjustified explanations such as for Sunak, Y and Madlener, 2014.

“The impact of visual amenity is complex however, with the angle, distance and size of the wind farm playing into the potential negative impact on a residential amenity.”

A complete analysis of the relevance of all six studies to the impact on property values in NSW (especially lifestyle properties) is beyond the scope of this submission. Once again I will wait for a developer to reference one or more in an EIS.

The “Case Studies”

(of specific local properties, not to be confused with the six studies of property devaluation mentioned above)

Ignoring Victorian properties, in total for NSW, given the sampling and methodology restrictions mentioned above, Urbis managed to find 6 properties across 3 wind farms to study. (Capital and Woodlawn wind farms were counted as one)

Capital/Woodlawn – 2 properties

Gullen Range – 3 properties

Taralga – 1 property

Every other operating NSW wind farm was excluded due to “insufficient local sales”, which we can only assume means zero qualifying sales around these wind farms.

That surely confirms the parameters set for the study were invalid and/or the methodology was unsuitable.

Taralga can immediately be discarded, and should not have been included in the report, as the one property near the Taralga wind farm was sold to a related party as Urbis advises.

“Upon further investigation, it appears that the 2013 sale was to Taralga Wind Farm Nominees No. 1 Pty Ltd, the owner of the adjoining wind farm.”

With respect to Gullen Range – Property 1 – 131 Storriers Lane, Bannister.

Didn't it occur to Urbis or anyone in DPE or OEH that \$644,721 was a strange property sale price?

Hint - Google *644721 Storrier*

Scroll past the property sales sites and you come to:

http://www.jrpp.nsw.gov.au/DevelopmentRegister/tabid/62/ctl/view/mid/424/JRPP_ID/2584/language/en-AU/Default.aspx

What does your fellow department tell you?

131 Storriers Lane, Bannister is the site of the Gullen Range Solar Farm. Doesn't that tell you that the June, 2015 sale price (and most likely the May, 2014 sale price), on which Urbis partially concludes that wind farms may not impact property values might be compromised.

It also must be discarded.

Property 3 near Gullen Range (123 Prices Lane) is outside the parameters Urbis had set previously.

“The second sale occurred after planning approval was granted and before the start of construction”

Is the Department sure it is a rural residence? The 2001 sale is described as “vacant land”. The 2010 sale photographs show considerable industrial improvements, but no house.¹
I’d discard this one as well.

With respect to property 1, Capital/Woodlawn, 311 Taylors Creek Rd .

I wonder how a 16 hectare vacant block is categorized. Hardly residential or lifestyle or grazing. As part of the approval, Taylors Creek Rd was upgraded. It is now the best road in the shire. That might have also influenced the price.

Cant comment on property 2, 145 Taylors Creek Rd except to say I was amused by:

“View of wind farm potentially shielded by trees” Check it out on Google Maps

What is the point of the “agent interviews”. Real Estate Agents rank slightly lower than wind farm developers when it comes to expressing self interest. Duponts, when preparing the “Valuer General’s Study” also asked local agents. One agent near the Capital/Woodlawn complex, when asked why lifestyle properties on Taylors Creek Road had not sold, having been on the market for an extended period said:

“the reason these properties had not sold was primarily optimistic pricing.”

That is normally the copout of the unsuccessful salesman.

Maybe the real reasons were (and remain) the diminished pool of potential purchasers and no buyers prepared to pay an unaffected market price for lifestyle properties close to wind farms.

Misleading and deceptive conclusions by the Department of Planning

The Urbis report concluded:²

“Based on the outcome of these research techniques, it is our expert opinion that windfarms may not significantly impact rural properties used for agricultural purposes.”

“There is limited available sales data to make a conclusive finding relating to value impacts on residential or lifestyle properties located close to wind farm turbines, noting that wind farms in NSW have been constructed in predominantly rural areas.”

What an insipid and uninspiring finding by Urbis, but their data did not allow anything stronger

The Department of Planning, in its only published response to the Urbis study said in the FAQs: ³

¹ <http://www.allhomes.com.au/ah/nsw/sale-residential/123-prices-lane-bannister-southern-tablelands/14139311230911?lid=167437920&pid=1393112309>

² Executive Summary Page (i)

³ Wind Energy Framework FAQs, Page 3

What about property values?

- The NSW Government acknowledges that potential impacts on property values from wind energy development are a concern to some members of the community.
- An independent report commissioned by the NSW Office of Environment and Heritage entitled Review of the Impact of Wind Farms on Property Values (Urbis 2016), concludes that the available data does not demonstrate that wind farms significantly impact the property values of rural properties used for agricultural purposes.
- The report is available on the Department's website along with the other Framework documents, or the Office of Environment and Heritage's website.
- The findings of this latest report are consistent with those of a 2009 study, *Preliminary Assessment of the Impact of Wind Farms on Surrounding Land Values in Australia*, undertaken by the NSW Valuer General.

The Department's FAQs heading flippantly summarises the community concerns. I look forward to the FAQ that asks "What about the Department of Planning"

After receiving hundreds of submissions over the years on the topic of property devaluation, all the Department, having no view of its own, is prepared to say is that "the NSW Government acknowledges" some members of the community have a concern. Departmental senior management heard once again in the recent Framework community meetings the first hand experiences of property owners. The Urbis study documents and places value on the sweeping anecdotal evidence from real estate agents, but not specific anecdotal evidence from the impacted owners.

Then the FAQs state that the Urbis study "concludes that the available data does not demonstrate that wind farms significantly impact the property values of rural properties used for agricultural purposes."

- Firstly, there is a major difference between "does not" and "may not". A deception.

- Secondly, you omit the second part of the Urbis conclusion relating to residential and lifestyle properties. Deception by omission.

- Thirdly, this has never been about the devaluation of broad acre farmland, or indeed residential properties in rural villages, towns and cities. In the main, the owners of the devalued properties are lifestyle. Messrs Kitto and Young have heard them first hand. eg the Gullen Range Mod 1 PAC meeting and are aware, for that wind farm and others, how and why they mysteriously become associated properties..

Written as above, an inexperienced reader might conclude that the Department is saying that wind farms do not devalue all types of surrounding properties. Misleading.

You do not need to be a Licensed Valuer to conclude the obvious. Once again I ask Secretary McNally and Departmental management who have stood on the terrace of a property in Roseview Rd to swear on a stack of Assessments that the value of that property has not already been devalued by overlooking the wind measurement tower even before the Jupiter EIS has been submitted, with more devaluation to come.

Please advise how you conclude that the findings of the Urbis report are consistent with the 2009 "Valuer General's" study, especially as they relate to lifestyle properties. Invalid conclusion.

By saying the 2009 study was "undertaken by the NSW Valuer General" instead of "undertaken for", you are implying an air of authority that it does not deserve. Misleading.

(The versions of the Urbis study on the two departmental web sites differ in authorship, creation and modification dates, size and pages. Probably incidental.)

More stocking fillers.

I'm surprised that anyone would quote the CSIRO study, seeing that it has been so thoroughly debunked.⁴

Urbis, in a study on property values, tells us that research (Community Attitudes to Renewable Energy in NSW) conducted by Newspoll in 2014 on behalf of OEH found broad support for the use of renewable energy across NSW.

This research was carried out over the telephone. Most of the lifestylers I know do not have a landline which excludes them from the survey. Rural landlines tend to be in rural cities and towns which skews the survey population. The questionnaire was not included in the published study, but it would appear that no question was asked whether the respondent lived on a farm or in a rural city or something in between.

When asked to name types of renewable energy, only 64% of NSW adults in the survey mentioned wind. No comment.

Urbis, in a study on property values, **didn't** tell us that in answer to:

“Question J1b/J2. What impact would a wind farm 1 to 2 kilometres from where you live have on the property valuesof your local area?”

54% said the wind farm would have a negative impact on property values.

The “Valuer General’s Study”

The Urbis review references the “Valuer General’s Study” quite often.

As they note the data in that study showed value decreases for four lifestyle properties, actually 6%, 24%, 25% and 27%.

It is easy to be critical of the conclusions of the “Valuer General’s Study” as many are not based on the data. Urbis, like many others, falls into the trap of repeating a conclusion that hugely impacts the “Valuer General’s Study” study and seriously misleads readers of the Urbis study:

“The only properties where a possible effect was observed were lifestyle properties in Victoria within 500 metres of a wind farm, some of which were found to have lower than expected land values”⁵

From the data in the report, the 4 lifestyle properties that showed clear devaluations were 400 metres, 2.1 kms, 5 kms and 6 kms from the nearest turbine. So 3 of the 4 affected lifestyle properties were much more than 500 metres from the relevant wind farm but the “Valuer General’s Study” published a statement factually, and drastically, contrary to its own data which Urbis has dutifully repeated.

In a subsequent presentation to the CCC for the Coopers Gap Wind farm (June 20, 2013), Bob Dupont, the study author, extended this to one kilometre⁶, but it is still wrong based on his data. I

⁴ Fatal defects in the Liverpool Range EA. Submission by Dr Michael Crawford
Submission 110847

⁵ The actual sentence in the “Valuer General’s Study”, Page 55, reads:
“A relatively small number of “lifestyle” type properties located very close (less than 500 metres) to wind farms in Victoria were found to have lower than expected sale prices....”

twice questioned some of the conclusions of the “Valuer General’s Study” report by email, including the “500 metres” statement, with Mr Dupont but he declined to rebut the issues raised. Finally, Urbis misleadingly takes the following from the “Valuer General’s Study”:

“further work is needed to confirm the extent to which these [price reductions] were due to the wind farm or if other factors may have been involved.”

and converts it to:

“For the minority of transactions that showed a fall in value, other factors may have been involved.”

Equally Urbis could have said that other factors may have been involved for transactions that didn’t show a fall in value, but they didn’t. (By the way, a “fall in value” is not what you are studying, but an increase or decrease in value different to what was expected.)

Despite the conclusions Urbis conjured up, there is widespread anecdotal evidence that lifestyle properties are devalued in the presence of wind farms in NSW and bodies from the Valuer General’s Department, the Planning Assessment Commission and the Department of Planning on down know it.

The PAC in its recent decision approving the Crudine Ridge wind farm, where up to six highly impacted residents were offered acquisition rights, said:

“Within 3 months of receiving a written request from a landowner with acquisition rights, the Applicant shall make a binding written offer to the landowner based on:

(a) the current market value of the landowner’s interest in the land at the date of this written request, as if the land was unaffected by the development ⁷

The PAC is therefore of the belief that the current market value is affected by the development.

Urbis, 2016 is a totally unconvincing study commissioned by a department (OEH) that does not understand the issues and supported and published by a department (DPE) whose management does. The Urbis study adds nothing to the knowledge base.

One can only assume that was the intent. Despite many requests, no one is prepared to do a study on the impact of wind farms on lifestyle property values. The obvious results of that study would be highly inconvenient.

Once again, we would have been most willing to review this section of the “new wind farm guidelines” in detail before publication.

Update

Under an informal request to OEH for information, I was given the “Consultancy Services Brief”. If followed, it may have produced a worthwhile study. The brief did not stipulate the methodology to be used or the definition of a “surrounding property”.

⁶ <https://www.agl.com.au/-/media/AGL/About-AGL/Documents/How-We-Source-Energy/Wind-Community/Coopers-Gap-Wind-Farm/Community-Updates/2013/June/Presentation-about-Property-Values-and-Wind-Farms---20-June-2013.pdf?la=en>

⁷ Clause 2, Schedule 4, Crudine Ridge Conditions of Consent.