



View Hybrid Courses
(In-Person or Online)
for Rural Appraisers



Solar's Impact On Rural Property Values

By ASFMRA Press posted 02-15-2021 10:23 PM

0

RECOMMEND

The difference that experience makes when it comes to the perceived and actual impacts of solar on nearby property values.

In recent years, publicity surrounding solar farms has gained the attention of property owners and appraisers. As with any large-scale development, the change represented by utility-scale solar can be cause for concern. Naysayers express worries involving impacts to viewshed, drainage problems, the idea of replacing productive agricultural lands with an industrial use, and more. Much of this worry comes back to one thing: the potential impact on property values.



A recently completed study from the University of Rhode Island looked at 400,000 transactions in New England over the course of 15 years, finding that suburban residential property values suffered negative impacts when nearby solar farms replaced resources perceived as scarce, such as green space. On the other hand, this same study found no associated impact on property values for solar farms located in rural areas.

Meanwhile, a [survey by the University of Texas at Austin](#) asked 37 appraisers a series of questions about property value impacts based upon proximity to utility-scale solar projects. On average, the surveyed appraisers believed that there was a negative relationship between solar farms and nearby property values, though the appraisers with strong negative opinions also answered “No” when asked whether they had prior experience assessing property located near large solar installations. Dr. Varun Rai, who led the study, stated that the results “suggest that experience assessing near a solar installation is associated with a much less negative estimate of impact.” He also noted that “the median and mode of all estimates of impact was zero, suggesting negative estimates from a few respondents were pulling down the mean.”

Patricia McGarr, who serves as the National Director of [CohnReznick](#) Advisory's Valuation Practice, has conducted a number of property value impact studies involving solar, and spoke on the subject at the ASFMRA Illinois Chapter's Annual Meeting in 2019. McGarr's studies found no consistent negative impact on residential property value that could be attributed to nearby solar farms. She also asserted that township and county assessors have tremendous amounts of data that point in the same direction.

McGarr referenced the 1,000-acre “North Star” solar project located in Chisago County, Minnesota. There, the county assessor found [no adverse impact](#) on nearby property values, noting, “It seems conclusive valuation hasn't suffered.”

McGarr has attended many public hearings on proposed solar developments and listened to residents taking issue with the idea of putting good farm land out of production and potential impacts to viewsheds and drainage tiles. “Owners of transitional ag lands, or lands that are in the path of development, are concerned about any changes that could have future impacts on sale values,” she explained.

But McGarr believes solar developers are addressing these issues. It's now common practice for developers to include vegetative screening as a visual buffer between solar farms and adjacent properties to account for aesthetic concerns. In regards to drainage, developers are “conducting drainage tile studies and being vigilant [...] so that they don't reroute the drainage.”

“Solar is an interim use,” McGarr added. “There are no contaminants and the land sits fallow, allowing the soil quality to improve. It's not like you're paving things over.”



Donald Fisher, ARA, served six years as Chair of the ASFMRA's National Appraisal Review Committee and 19 years as Chair of the Editorial Committee. Donald is the Executive Vice President of [CNY Pomeroy Appraisers](#), and has done several market studies examining the impact of solar on surrounding residential values.

“Most of the locations were in either suburban or rural areas, and all of those studies found either a neutral impact or, ironically, a positive impact, where values on properties after the installation of solar farms went up

higher than time trends,” he explained.

According to Fisher, solar development has begun to compete with rural residential development and Concentrated Animal Feeding Operation (CAFO) farmers seeking new acreage. “In certain markets,” he said, “the solar developers are paying as much as rural residential developers and CAFO farmers.”

Howard Halderman, AFM, President and CEO of Halderman Real Estate and Farm Management, attended a recent solar talk hosted by the Indiana Chapter of the ASFMRA. Halderman’s takeaway was that properties immediately adjacent to a solar farm may see a negative impact, but tactics to hide the solar farm from view could help offset those effects.

Halderman believes that other rural properties would likely see no impact, and farmers and landowners should even consider possible benefits. “In some cases, farmers who rent land to a solar company will insure the viability of their farming operation for a longer time period. This makes them better long-term tenants or land buyers so one can argue that higher rents and land values will follow due to the positive economic impact the solar leases offer,” he explained.

Rich Kirkland, who owns Kirkland Appraisals in Raleigh, North Carolina, began exploring solar a little over a decade ago, or as he puts it, “right around the whole recession period, when solar really began to take off around here.”

Since then, Kirkland has prepared property value impact studies for solar developers in 19 states, performing nearly 100 matched-pair analyses along the way. In a large majority of those comparisons, he observed a -5% to 5% difference in square-foot sales prices, a range that he describes as statistically insignificant.

“If you take all of those matched-pairs and average them out, you’ll find a difference of about 1%. That’s not enough to make a claim on,” he says.

Similar to Halderman, Kirkland believes that issues can arise if a solar development is situated too close to a property, or if nothing is done to conceal it from view. However, he concluded, “In rural and suburban areas, I’m not finding any consistent negative impact from solar farms as long as there’s at least 100 feet between the [solar] farm and the property, and enough landscaping to hide the panels.”

0 comments

41 views

Permalink

<https://www.asfmra.org/blogs/asfmra-press/2021/02/16/solars-impact-on-land-values>