



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

**Pete Poletti**

Poletti & Associates

**Property Value Guarantees &  
Decommissioning Costs**

February 9, 2011, 3:15 PM

## PROPERTY VALUE GUARANTEE PROTECTION PLANS



### Property 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



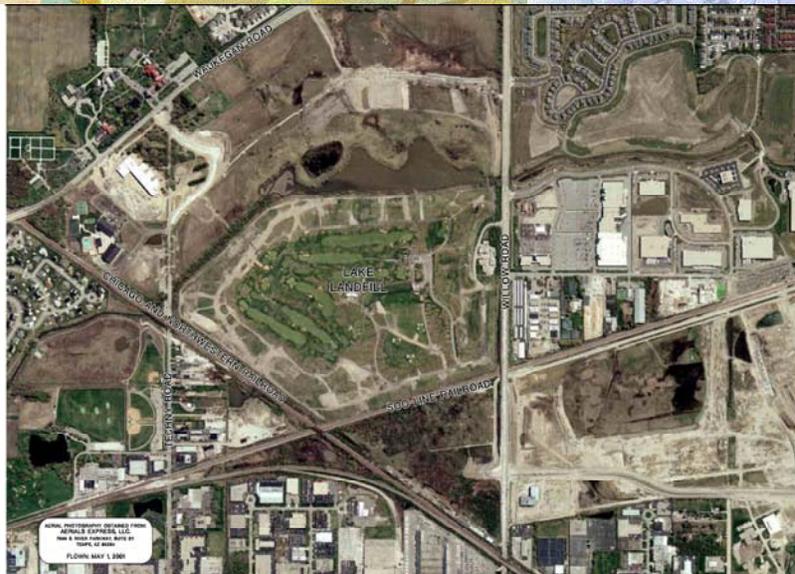
## Property Guarantee Protection Plans

- 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



## Property Guarantee Protection Plans

- 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





■ **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



## Property Value Guarantee Protection Plans

- 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



## Property Value Guarantee Protection Plans

### ■ 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)
- Douglas Allen, Engineer, Shaw Environmental, St. Charles, Illinois (Douglas.Allen@shawgrp.com)
- Don Moran, Attorney, Pedersen and Houpt, Chicago, Illinois (dmoran@pedersenhaupt.com)
- Glen Sechon, Sechon Law Firm, Chicago, Illinois ([sechlaw@yahoo.com](mailto:sechlaw@yahoo.com))
- Pete Poletti, Appraiser, Poletti and Associates, Inc., Collinsville, Illinois (pjpole@charter.net)

