

IMPACT ON PROPERTY VALUES AND TAX BURDEN OF THE PROPOSED DENNISON-PRATT SCHIST QUARRY

CRITERIA 9(A) AND 9(K): THE IMPACT THAT THE PROJECT WILL HAVE ON THE GROWTH OF THE TOWN AND REGION, AND ITS IMPACT ON PUBLIC INVESTMENTS

I. PROPERTY VALUES AS A REFLECTION OF QUALITY OF LIFE

Reliable studies have shown that residential properties located within 4 miles of a newly-established quarry, gravel pit or landfill become less valuable than comparable properties located 5 miles or more away. The dollar amount of this loss in property value is an established way to measure the impact of a quarry on the quality of life at that property

Enjoying your property and keeping the aspects of your property that provide you with that quality of life, are rights enshrined in our state and federal laws. It comes down to this: Should one non-resident landowner and a non-resident businessman be allowed to conduct an activity profitable to them alone on a parcel of land within the Conservation District to the financial detriment of numerous other landowners? Or in fact, when viewed with a long-term (50-year) perspective, as I will suggest, to the financial detriment of current and future town officials and all the town's homeowners?

I respectfully suggest to the members of the ZBA that whether declines of individual homeowner property values ought or ought not be considered in determining whether to grant a conditional use permit, consideration of the overall long-term impact of this proposed quarry, for good or ill, upon all Halifax residents for the next 50 years would seem to be both relevant and appropriate.

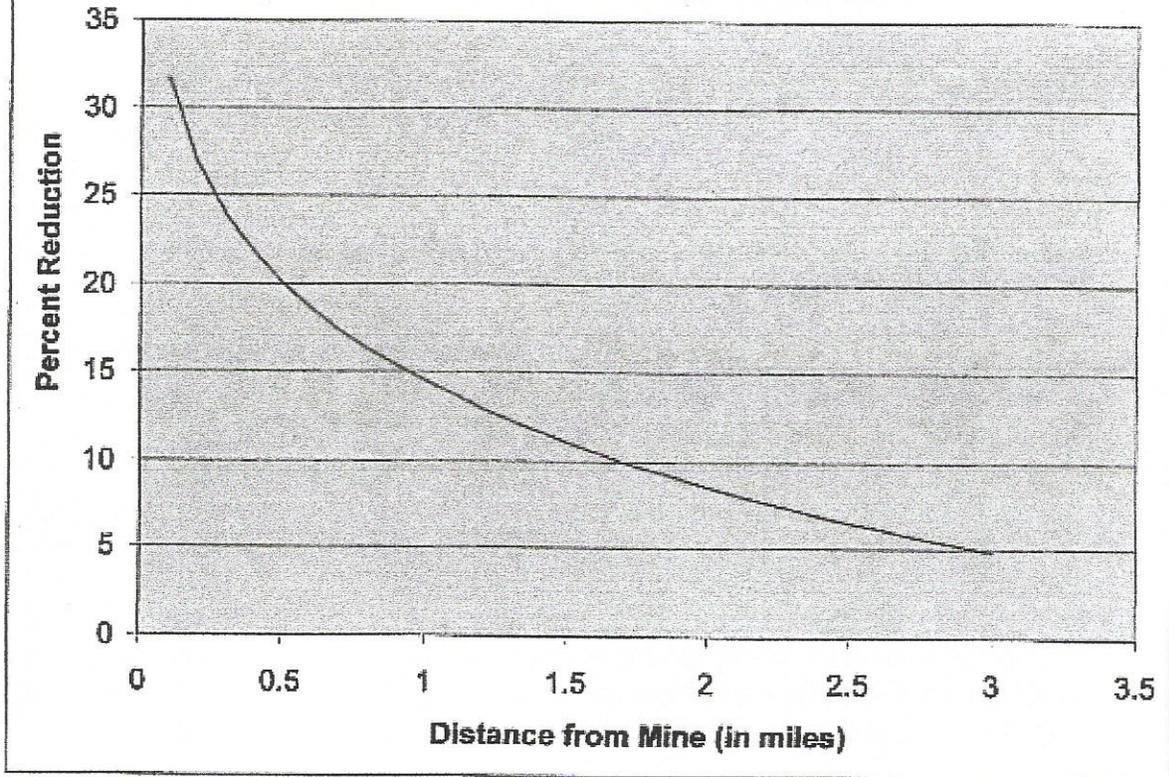
If this project were judged likely on balance to be financially detrimental in the long run to the town's governing body and to a significant majority, if not all of its residents regardless of the location of their homes or land, and if no significant offsetting benefits (such as a meaningful increase of newly-employed workers at the facility or an increase in tax revenue sufficient to match the decline in available property taxes) were envisioned, then this project could be viewed as likely to have an overall long-term net negative impact on our community.

II. STUDIES THAT QUANTIFY THE EFFECT OF EARTH EXTRACTING OPERATIONS ON RESIDENTIAL PROPERTY VALUES

The impact of quarries on regional property values has of course been studied; the issue is not a new one. Many studies dating back to the mid-1970s have shown that proximity to landfills, gravel pits and the like has a significant negative effect on the sale prices of regional residential properties.

Data collected by Auburn University Economics Professor Diane Hite provide a model for predicting the loss in property value of rural homes located within 4 miles of an industrial-scale earth-extracting operation, such as a gravel pit or rock quarry. The figure below displays the average effect of distance from a gravel pit on home value reductions. As might be expected, the closer the property, the greater its value loss, as reflected in its sale price upon property transfer.

**Figure 1: Impact of Gravel Pit on Residential Property Values:
(Percent Reduction by Distance from Mine)**



Professor Hite and her colleagues found that on average, after establishment of an earth-extraction operation, residents selling homes located within a mile of that operation suffered a punishing 15-20% loss in final purchase income compared with occupants of “comps” located beyond 5 miles. On average, compared with such distant “comps”, homes between 1-2 miles away endured a nearly 9% reduction in their sale price income, while owners of homes located from 2-3 miles away experienced a 5-8% relative loss in value. Projected sale loss estimates are provided on page 4. These outcomes were similar to those published in academic journals measuring the impact of landfills on nearby property values.

There is no reason to expect that our community would be spared a similar impact on subsequent home and property values if an industrial-scale schist quarry were permitted within Halifax. Furthermore, other long-term studies indicate that such home value loss persists for the duration of a quarry’s operational life – proposed by the applicants in this case to be half a century.

As fiscally and psychologically damaging as such substantial and long-term property value declines would be, the noise, dust and potential travel risk of associated truck traffic for those who live along or nearby the schist haul route would further diminish residential quality of life

III. LONG-TERM IMPLICATIONS FOR TOWN OFFICIALS AND ALL TAXPAYERS

Applying the above modeling data to properties in Halifax, we can anticipate that if the Denison-Pratt Conditional Use Application were approved, during the 50-year operational life of the quarry, as homes were bought and sold, the cumulative, permanent loss in property values in Halifax could be over 5.5 million dollars. There are more than 200 Halifax properties within 3 miles of the proposed

quarry that would lose from 5% to 20% of their property value. Ten property owners* would lose 20% of their property value just because they had the bad luck to live within a half mile of the proposed quarry. Upon request, a detailed spreadsheet identifying these losses will be emailed to ZBA members.

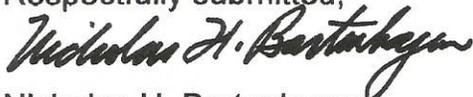
Over time, as discounted sales of homes within 4-miles of the proposed quarry occur, each new owner could direct the town's listers to reduce their home's taxable fair market value to its sale price, a directive with which the listers must legally comply. As these property transfers occurred, perhaps even initially accelerating with the introduction of the proposed quarry, year after year the town's Grand List revenue base would steadily and irreversibly shrink.

Meanwhile, over the next 5 decades, the Select Board will need to reallocate sources of additional revenue within its increasingly constrained budget to cover the cost of additional road crew commitment, equipment use and materials necessary to repair and maintain those roads traveled by the quarry's trucks, particularly up and down Stark Mountain Road.

This added expense, coupled with the continuing decrease in the town's grand list valuation would require a compensatory increase in the town's tax rate, thus impacting all Halifax residents, sparing none, even all those living furthest away. Due to the reduction in their fair market value, household tax payments for homes within 4 miles would be lower than comparable homes situated outside this perimeter

Thus, ironically, if the proposed quarry were established here, the long term burden of progressively increasing tax bills would fall disproportionately upon those whose homes or land were further away from the quarry.

Respectfully submitted,



Nicholas H. Bartenhagen

14 July 2015

* Properties located at 2077, 2378, 2456, 2505, 2510 and 2832 Deer Park Road; and at 324, 442, 475 and 995 Josh Road would lose 20% of their fair market value.

A 20% DROP IN SALE INCOME FOR HOMES WITHIN ½ MILE OF THE QUARRY

CURRENT VALUE OF HOME ½ MILE FROM QUARRY	VALUE OF HOME IF QUARRY OPENS	COST TO HOMEOWNER OF SCHIST QUARRY
\$ 400,000	\$ 320,000	\$ 80,000
\$ 350,000	\$ 280,000	\$ 70,000
\$ 300,000	\$ 240,000	\$ 60,000
\$ 250,000	\$ 200,000	\$ 50,000
\$ 200,000	\$ 160,000	\$ 40,000
\$ 150,000	\$ 120,000	\$ 30,000
\$ 100,000	\$ 80,000	\$ 20,000

A 15% DROP IN SALE INCOME FOR HOMES LOCATED FROM ONE-HALF TO 1 MILE FROM THE QUARRY

CURRENT VALUE OF HOME 1 MILE FROM QUARRY	VALUE OF HOME IF QUARRY OPENS	COST TO HOMEOWNER OF SCHIST QUARRY
\$ 400,000	\$ 340,000	\$ 60,000
\$ 350,000	\$ 297,500	\$ 52,500
\$ 300,000	\$ 255,000	\$ 45,000
\$ 250,000	\$ 212,500	\$ 37,500
\$ 200,000	\$ 170,000	\$ 30,000
\$ 150,000	\$ 127,500	\$ 22,500
\$ 100,000	\$ 85,000	\$ 15,000

A 10% DROP IN SALE INCOME FOR HOMES LOCATED FROM 1.5 – 2 MILES FROM THE QUARRY

CURRENT VALUE OF HOME AT 1.75 MILE RADIUS	VALUE OF HOME IF QUARRY OPENS	COST TO HOMEOWNER OF SCHIST QUARRY
\$ 400,000	\$ 360,000	\$ 40,000
\$ 350,000	\$ 315,000	\$ 35,000
\$ 300,000	\$ 270,000	\$ 30,000
\$ 250,000	\$ 225,000	\$ 25,000
\$ 200,000	\$ 180,000	\$ 20,000
\$ 150,000	\$ 135,000	\$ 15,000
\$ 100,000	\$ 90,000	\$ 10,000

EXCERPTS FROM:

[1] PROPERTY VALUE IMPACTS OF AN ENVIRONMENTAL DISAMENITY: THE CASE OF LANDFILLS

Diane Hite, Wen Chern, Fred Hitzhusen, Alan Randall

The Journal of Real Estate Finance and Economics 2000 22: 185-202

- Hite and colleagues demonstrated that welfare losses that result from decreased property values near an environmental disamenity* (such as a landfill) can be of a significant magnitude (18 - 19%).
- They noted that those who were prompted to move because of a disamenity may experience constraints, such as the timing of move and decreased search time for their new home restricting their ability to bargain over property prices, both during sale of their current home and purchase of their new one.
- In the short run, property taxes are relatively less sensitive to the presence of disamenities than are property values.
- On the other hand, they observed that over the long run, by lowering property values, the presence of a long-term disamenity in a community may therefore undermine the its base.

* Real estate jargon: "The unpleasant quality or character of something, especially of a location, causing a disadvantage or drawback."

[2] DO LANDFILLS ALWAYS DEPRESS NEARBY PROPERTY VALUES?

Richard C. Ready

Associate Professor, Department of Agricultural Economics and Rural Sociology

Rural Development Paper No. 27 May 2005

Professor Ready reports that studies describing relationships between residential property values and proximity to a disamenity, such as a landfill have found that houses located near disamenities sell for lower prices than similar houses located farther away. A widely-cited study is that by Nelson, Generoux and Generoux (1992), who found that property values were depressed within 2 miles of the landfill studied.

Ready commented that solid waste industry representatives have pointed out that some landfill studies show no statistical relationship between proximity to this disamenity and house price, citing these studies as evidence that landfills need not have negative impacts on nearby property values (Gamble et al. 1982; Zeiss and Atwater 1989, Bouvier et al. 2000; Parker, 2003). However, Ready observed that the results of these four studies were each based on relatively small sample sizes of house sales. Due to these small sample sizes in these studies, any valid relationship, positive, neutral or negative, could not be statistically proven.

[3] EFFECTS OF THE PROPOSED INDECK* FACILITY ON PROPERTY VALUE, LAND USE AND TAX REVENUES

G.S. Tolley, PhD.

Professor Emeritus of Economics, University of Chicago, & RCF Economic and Financial Consulting, Inc., May 2000

*Indeck Energy Services, Inc.

Professor Tolley cites a considerable body of research in urban economics, where the effects of power plants and other local disamenities have been analyzed with respect to their impact on residential property sales. "The studies leave no doubt that such disamenities have substantial effects on residential property values."

He adds: "There is a dynamic consideration to adding an initial disamenity to an area. A well-known tendency is that blight begets blight."

"If a disamenity is added that is of little or no benefit to a community, there is a tendency to take the attitude that the disamenity harm is already done and that adding other disamenities is simply putting like things together as is the blight-begets-blight tendency. The bar will be lowered on what is considered an acceptable disamenity for future additions. The area of the disamenity is cast into a continuing downward cycle of increasing disamenity in the future."

"As an area acquires more disamenities, the satisfactions of people living near the area are directly decreased for the reasons noted above. An additional effect is that the area gets a reputation of being undesirable. People living away from the area, who are not directly affected by the disamenities, view the area as undesirable. The satisfaction of people living near disamenities is further decreased because they acquire the reputation as living in an undesirable area."

"It is well known that people have become increasingly concerned generally about environmental disamenities, which would make them less willing to pay as much for properties where there are disamenities."

VERMONT ASSOCIATION OF REALTORS "FULL DISCLOSURE" POLICY

THE VERMONT PROPERTY OWNERS REPORT (VOLUME 27, ISSUE 6, PGS. 8-9, FEB-MAR 2013)

Though not legally compelled by any VT statute to do so, during all real estate transactions the Vermont Association of Realtors (V.A.R.) Full Disclosure Policy stipulates that: "The seller has a duty to disclose any issues he or she may be aware of. A potential buyer or his/her broker will often ask the seller to complete a Seller's Property Information Report (SPIR), in which the seller should disclose any problems as truthfully and accurately as possible."

The SPIR is a 4-page 22-item document developed by the V.A.R. in 1992 as a way to reduce lawsuits by buyers against sellers and brokers. Whether or not a SPIR was filled out, if it is later discovered the seller was aware of problems and did not disclose them to the buyer, it could be considered misrepresentation or omission under Vermont Consumer Fraud Act, 9 V.S.A. § 2451-2480, which prohibits "unfair or deceptive acts or practices ... in order to protect the public and to encourage fair and honest competition." 9 V.S.A. § 2451."

Full disclosure means being forthcoming about anything the other party should know regarding any material issues involving the transaction, especially if it may mean the difference between the prospective buyer entering or not entering the deal. In real estate transactions, most states require that real estate brokers and agents sign a full disclosure form listing everything material about the deal, under penalty of perjury. This means that if a real estate agent or broker either falsifies or fails to disclose important information, he or she could be charged with perjury.

Though Vermont agents or agencies are not legally bound to have potential home or property sellers complete a SPIR, they know that failing to do so exposes them to significant risk of lawsuit if after the sale, the buyer discovers something that significantly impacts the value of the home or land that had been known to but not disclosed by the seller. The concluding portion of page 4 of the SPIR follows. Note Question 22.

	Yes	No	Unknown
18. Has there been significant damage to the Property or any of the structures from fire, wind, floods, earth movements or landslides?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Are there any underground storage tanks, including gasoline, propane and/or fuel oil on the Property?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Have there been any underground storage tanks, including gasoline, propane and/or fuel oil on the Property?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Has paint containing lead been used on the Property?.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. IS THERE ANYTHING ELSE THAT SHOULD BE DISCLOSED ABOUT THE PROPERTY?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the answer to **ANY** of the above questions is "YES," please explain in detail (attach additional sheets if necessary): _____

PERSONAL EXPERIENCE WITH SPIR

When placing our home on MLS in early 2014, abiding by 22-year old V.A.R. policy, our agent instructed us to declare in Question 22 the possibility that a quarry might become established on an abutting property.

She described the experience of another realtor in her firm. The prospective buyers backed out the morning of the closing when their attorney found that a permit had been requested from the town's planning commission by a neighbor to open an auto-repair shop. The sellers had known of this permit request but had not disclosed it to the realtor or entered it at Question 22 of the SPIR. Had the sale been completed, the sellers could have been sued for fraud or perjury.

IMPLICATIONS FOR HALIFAX RESIDENTS

If the quarry does receive an operational conditional use permit, this would require that for the next 50 years, Halifax residents hoping to sell their homes had best resist the temptation to check the "No" box at question 22. To do so may place them at risk for subsequent lawsuit by purchasers who only discovered after the sale that they had not been informed of such a disamenity within town that will likely increase their municipal tax burden. Such disclosure would protect the sellers and their realtor from adverse legal consequences after the sale though it might also prompt the prospective buyer to look for a "comparable" home elsewhere, thus driving off purchasers who could have tendered a decent and appropriate offer had permission not been given the quarry.