

Monday, December 17, 2012

Premier McGuinty, Industrial Wind Turbines and Realistic Property Values

“So I hear from experts in the science and health community, experts in the property evaluation community, and they are supporting the approach we have taken,” McGuinty said.

That statement was made by Ontario’s Premier during a brief media event following his speech to the Nurse Practitioners Association back on November 2, 2012 and was reported in the [London Community News](#). The author of the article went on to write; “As far as protestors’

claims that industrial turbines push down property values, McGuinty pointed to the Municipal Property Assessment Corporation, an independent body that works for municipalities, which has made its own determination that wind turbines do not compromise property values.”

From this statement Premier McGuinty asserts that MPAC has “no skin in the game” and is completely independent in its role as the Province’s “independent body”! MPAC reports to McGuinty’s Minister of Finance, Dwight Duncan, who had previously [instructed MPAC](#) to assess industrial wind turbines (IWTs) at \$40,000 per megawatt (MW) which means MPAC, in this instance, wasn’t working for the municipalities, **it was working for the finance minister**. A one MW turbine should generate approximately \$350,000 annually for its owner but would be assessed realty taxes that might (at the outside) generate \$800 per annum for the municipality, whereas a property owner’s assessment is based on the value (at current market) of his property from which he might generate no income beyond the unknown capital appreciation of that property over time. Now that doesn’t seem fair nor does it reflect the **current market value** of that 1 MW turbine which could be easily be flipped to another buyer and generate a huge capital gain for the developer based on the anticipated cash flow generated over the remaining life of the Ontario Power Authority contract.

The Green Energy and Economy Act (*ACT*) took away the rights of municipalities to make any determination whether they wanted or didn't want industrial turbines, meaning they had no choice. In the directive Duncan issued to MPAC he also harmed the ability of the property owner(s) contiguous to the IWTs to gain any capital appreciation over the 20 year term of the contracts to the IWT developers, or until those 40 to 50 story monstrosities are decommissioned and removed. For McGuinty to assert in his remarks that MPAC is independent is beyond belief and should be challenged in the courts. With a stroke of the pen his Minister of Finance has basically taken away MPAC's independence to properly assess and ascribe a monetary value to the IWTs. He could in effect have done the same for any property owned by a Liberal MPP or family member.

The effect of IWTs on property values has been felt in many jurisdictions beyond Ontario. Indeed Denmark, the effective birthplace of IWTs in 2008 passed a "loss-of-value-clause in their Parliament. While Danish property owners complain that the compensation for property value losses is insufficient it is at least an acknowledgement that IWTs in close proximity (1,000 metres) to households causes values to drop. The foregoing was reported by the [Copenhagen Post](#) on November 12, 2012. There are also reports from the [UK](#), [Australia](#), many [US states](#) and other countries that echo a loss in property values when IWTs are placed in close proximity to houses and in many of these documented situations values are effected even when the closest is 3 miles away. Many also cite a concern that reduced property values will affect realty tax income for the local townships or municipalities and will therefore impact the services that they deliver to local residents. Evidence of the latter is starting to surface in Ontario as [Wolfe Island](#), whose western half is populated by 86 turbines saw assessed values (principally in the western half) drop by \$3 million since the IWTs have been installed.

Yet another obvious sign that property values are effected has come from the Ontario Real Estate Association (OREA) who now require disclosure by the seller if "[any hydro generation projects are planned for the immediate area](#)? eg: Wind turbines. This question comes right after questions about dumps and contaminated soil which I think even Minister Duncan would agree harm property values. So if OREA is concerned why doesn't Premier McGuinty or Minister Duncan take that as a clear signal that property values are indeed affected?

The [CBC](#) also investigated this issue a year ago and; "*documented scores of families who've discovered their property values are not only going downward, but also some who are unable*

to sell and have even abandoned their homes because of concerns nearby turbines are affecting their health.”

Based on the foregoing evidence it is pretty obvious that IWTs do have a negative effect on property values which in turn may have negated any capital gains a family might have achieved over a period of years or decades. If you were unfortunate enough to have purchased a property within the past few years the value of your purchase may have declined significantly or as noted in the CBC investigation may be unsalable.

The foregoing evidence has been backed up by studies that conclude the above. A recent [report](#) by Ben Lansink, a London, Ontario based appraiser, for two areas in Ontario concluded: *Mr Lansink finds the range of property value loss for the Clear Creek-Cultus-Frogmore is 22-55%.* Other reports from [appraisers in the US](#) have concluded similar findings.

What all this means is that with the current Ontario Government both in denial and prorogation there is a limited amount to what an affected property owner can do. One can muster an appeal to MPAC which, depending on the effort put forth, may or may not result in a reduced appraisal but in the end that reduced assessment does nothing to recover those capital losses. In many cases that property may represent the only significant asset acquired over a life time or it may have a large mortgage that needs to be repaid. (NB: Many financial institutions are declining mortgages near planned or existing IWT installations.)

That leaves the property owner with the choice of instituting a law suit. The owner(s) can sue the developer or their neighbour, who may have signed a lease with the IWT developer, or sue the Government or one or several of it's Ministries. In the latter case you are obligated to provide the Province with 60 days notice. As an alternative the owner can sue all three! The problem of course is a law suit requires a lot of money which may make it impractical for a single property owner to undertake. They would be fighting big developers. Even if they win, many of these IWT developments are “stand alone” limited liability companies meaning the “win” might not result in a recovery of losses as the LLC might simply declare bankruptcy.

That hasn't stopped many individuals from grouping together however, to start "class action" law suits as an article in the [London Free Press](#) recently noted. "Toronto lawyer Eric Gillespie said he has lawsuits in the works from 10 different parts of Ontario and is in talks with at least three other groups in its southwest. "That number is growing quite rapidly," Gillespie said Thursday. "Currently, we have either filed claims or are about to file claims that go all the way from Windsor to Ottawa." Lawsuits have already been launched in Chatham-Kent, LaSalle, Prince Edward County, Clearview/Creemore and the Stayner area. Another lawsuit is in the works involving wind turbines in the Port Dover area. "Property devaluation is clearly becoming a major concern right across Ontario," said Gillespie."

While the results of those law suits will not be known for months, I am sure that Gillespie and other legal counsel working for other class action groups anticipate a long and tough battle as the law firms lined up against them are the Toronto "Bay Street" legal behemoths that will use every *lawful* tactic they can while billing themselves out at \$1,000.per hour.

It is truly baffling that Premier McGuinty and his Minister of Energy have not backed down despite the overwhelming evidence staring them in the face. It is nice but somewhat curious that he has such confidence in MPAC now, as back in late 2008 the [Ottawa Citizen](#) carried a report related to the assessments that MPAC had just released. Back then he "called the 2008 property assessments 'unrealistic". I suspect many municipal councils throughout Ontario would regard the current \$40,000 assessment per MW on IWTs as "unrealistic" but they can do nothing about it.

I also personally have the opinion that all of the property owners affected from both a health and monetary perspective view the passing of the *ACT* as not only "unrealistic" but downright dictatorial!

Parker Gallant,
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