

# How Wind Energy and Unnecessary Tax Abatements Can Hurt a School and Community.



*Jared Groce  
August 16, 2019*

This report will study how a proposed wind farm will create reduced property values, loss of students and employees, loss of support of the community, and how these issues will have an impact on school funding for Era ISD, a rural school district of around 500 students on one campus, located in south western Cooke County, Texas.

*Real estate data used came from North Texas Real Estate Information Systems, Inc. (NTREIS)  
Property tax data from Cooke County Appraisal District*

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## QUALIFICATIONS OF SPEAKER

- Licensed as a Texas Real Estate Sales Agent
- Licensed as an Oklahoma Real Estate Sales Agent
- Certified Land Specialist
- Certified Negotiations Expert
- Landowner in Era ISD for 22 years
- Father of Era ISD students from 1996-present. Last child to graduate in 2026.
- Closed 44 real estate transactions inside Era ISD worth in excess of \$15,000,000
- Professional witness in Cooke County Court of Special Commissioners regarding the condemnation hearings of Oncor. Testified in 7 cases, recovering additional money for landowners.
- Former member of the Board of Trustees of Era ISD May 2006 – November 2010.
- Life-long resident of Cooke County

## How can approving an application for a Chapter 313 Tax Abatement impact Era ISD?

### REDUCED PROPERTY VALUES

#### **Highest and Best Use.**

North Texas has seen a tremendous growth over the past 20 years due in part to our proximity to population centers, geographical diversity, and ease of access. Owning a piece of land that can be used as an escape from the city life, or as a place to move to and raise their family in a safe, loving, nature-based environment is the American Dream for many, and Cooke County has been the recipient of thousands of these buyers. This demand has made the Highest and Best Use (HBU) transform from Agriculture to Rural Residential and Recreational. This transformation is what has made land prices in the Era area soar from less than \$1000 per acre in the 1990's to over \$6400 per acre today. **A property that has wind turbines on it will revert it's HBU back to agricultural, thus, taking the property value down with it.** The creation of a "Reinvestment Zone" by Cooke County Commissioners Court essentially opened the door for Wildcat Creek to begin the process of turning the entire western half of Cooke County into an Industrial Zone.

#### **Demand.**

Real estate professionals will tell you that they have never had a person contact them and ask to buy real estate near a wind energy project of any kind. The demand from buyers is what drives prices on any product, especially real estate. The reason for real estate growth in Cooke County has been for buyers to *escape* the all-too familiar signs of overcrowded civilization such as wind turbines, transmission lines, freeways, and other man-made objects that are not aesthetically pleasing to these buyers. The wind towers in Muenster are 80m tall (262.467'). The proposed towers for Wildcat Creek Windfarm are 150m (492.126') tall. **If the area is dominated by 500' wind turbines, it can be clearly expected that the demand for real estate in the area will diminish greatly.**

#### **Property taxes.**

It is important to note that *market value* is defined as the price that a ready, willing, and able buyer would pay to a ready, willing, and able seller, in an arm's length transaction that is not brought on by a distress situation. *Tax value* is that amount determined by the local appraisal district on which your property taxes are based, and are typically three or more years behind. This is NOT a fee appraisal, nor a true representation of the current value of a property.

Cooke County Appraisal District's Doug Smithson is quoted as saying, "*My beginning analysis of the wind farm south of Muenster was based on studies from other Universities showing there was little to no impact on property values. Most wind farms were located in less populated areas.*

*Upon gathering additional information regarding location and turbine size of the Wildcat Wild Farm, I believe there could be a future impact on values due to the bigger turbines and proximity to more populated area in comparison to the studies by universities and north of Hwy 82.*

*The study by the District was 3 years ago with limited sales information at that time."*

*From Doug Smithson via email August 16, 2019*

As Mr. Smithson stated above, many wind energy projects are located in west Texas, in low populated counties, where the Highest and Best Use is still agriculture. This land often sells for less than \$1000 per acre currently, as well as before the wind turbines were in place. How wind turbines impact properties in Jones County does NOT reflect potential land values in Cooke County due to the difference in highest and best use.

It is in the best interest of a property owner to check the assessed value of their properties each and every year and have them analyzed by a professional when needed. Texas's property tax laws make it very easy for a property owner to contest the values that are assessed by the appraisal district. By showing recent sales that are comparable to the subject property, a new value can be easily established and agreed upon between the owner and the appraisal district. Reduced assessed values will mean a reduction in the property taxes that is received by EISD. **Lower property values equal less local property tax revenue for the school.**

### **School Finance Reform.**

State leaders have been fighting for several sessions now on how to best remedy the school finance and property tax issue in Texas. What kind of impact will a tax reform have on a school that receives a PILOT (Payment In Lieu Of Taxes)? Will the PILOTs be eliminated? Will this amount be offset by what EISD receives from the state through Chapter 41 (Robin Hood)? Will there be an effect on federal money received? No one knows at this point, but these are honest questions that a school board should consider before giving away local tax dollars. The chapter 313 tax abatements have been enough of a problem that the state legislature had to add language to cap PILOTs to no more than \$100 per student. **That means for 500 students, the amount of the PILOT would be \$50,000.**

### **Summary.**

With a shift in the Highest and Best Use from Rural Residential and Recreational back to Agricultural, the demand for real estate in Cooke County will diminish. With diminished demand comes diminished selling prices. When property values are lower, and the tax rate is at the maximum amount allowed, the tax revenue is reduced. Then there is the looming question of what our legislatures will do with school finance reform, and how a chapter 313 abatement to a foreign company might impact the state and federal funds received by the school district.

### **LOSS OF STUDENTS AND EMPLOYEES.**

There are a multitude of reasons why people do not wish to live near wind turbines, including the physical and psychological effects on the human body, the reduced property values, safety issues, as well as sight and sound pollution. **Simply stated – most people do not want to live near a wind turbine, and if our area becomes cluttered with them, it can be expected that not many new people will want to move to the area.** There are hundreds of reports that show the negative effects of wind towers on everything from the environment, to human health, livestock health, TV, satellite and cell phone reception and more. Brown County in Wisconsin went as far as to declare wind turbines as a human health hazard.

[https://www.co.brown.wi.us/departments/page\\_81b37370e042/?department=2c960fb409b5&subdepartment=69127804d809](https://www.co.brown.wi.us/departments/page_81b37370e042/?department=2c960fb409b5&subdepartment=69127804d809)



## **Loss of current students and employees.**

Should the wind farm be built, it is safe to assume that there will be people who move from the area in order to get away from the wind turbines. This can include families with children who attend EISD currently, as well as employees of EISD. Recruiting and retaining quality employees has long been an issue for many small school districts, more especially for those districts that are in an area that have external forces that make it a less appealing place to live and work, such as a wind farm. In 2013, the Gatehouse Media report, *In The Shadow of the Wind Farms*, Emily Le Coz and Lucille Sherman document several cases of families abandoning their homes and moving away to a location far away from wind turbines, and then filing suit against the wind energy company, as well as the landowners who contracted with the energy company, for damages caused.

## **Loss of new students and employees.**

There are currently two new small acreage subdivisions being considered in the EISD. Both of these projects are on hold until it is known what EDP Renewables will do here. Personally, I currently have two properties for sale that are in the path of the wind turbines. Both properties are in a highly sought-after price point and size, and both properties are not being bought until the buyers know that there will not be a wind turbine near them.

## **Summary.**

**When given the option, people do not want to live or work in an area surrounded by wind turbines. The growth that EISD has enjoyed over the past 20 years could quickly cease, and actually retreat back to a much smaller level.**

## **LOSS OF COMMUNITY SUPPORT.**

Schools flourish when they are supported by their local community, and EISD has enjoyed this asset for many years. EISD has asked for two separate bond issues to be voted on in the past 10 years, and both were passed. High attendance by the community at school functions, participation in fund raising sales, and assistance by the community at functions is very evident. There is no question about the support and loyalty the Era community has for its school. Era is a quiet, comfortable and close-knit community, and is a large part of why EISD has been so highly sought after over the past decade.

However, Era has been in turmoil since EDP Renewables has arrived. Could it be the game plan of EDP is to throw neighbor against neighbor for a “divide and conquer” battle plan? Could it be that the school boards of the communities that they enter have been used as pawns in the name of economic development? As cited by Laura Israel in her 2010 documentary, *Windfall*, these are exactly some of the tactics used by wind energy companies in order to reap the benefits of government handouts. There are many unknown facts, but one fact is clear; **this project has caused a chasm in the Era community, whereby a small handful of landowners are willing to sacrifice the well-being of their neighbors for their own small financial gain.**

At the June 21, 2010 and at the October 18, 2010 EISD board meeting, the topic of Oncor’s Riley-Krum CREZ transmission line was discussed, and the idea that it could bring wind farms to the area in future was brought up. Oncor assured everyone, with the assistance of their appraiser from Austin, TX, that the power lines would have zero financial encumbrance on real estate prices. Later, on September 13, 2010, the Cooke County Commissioners Court made a resolution against the Oncor CREZ line coming through any part of Cooke County. Back when no one wanted the transmission lines, the Era community was solidly united in opposition to the project, but now a small handful of landowners want to receive wind turbines that utilize the CREZ transmission lines, and the foreign wind energy company is using the seduction of money for the school district and a small handful of landowners. The wind energy industry, just like Oncor, claims that wind farms have no negative effects on property values.

## FINAL SUMMARY.

A wind farm in our area will lower property values, thus lower the tax revenue for EISD. Fewer people will want to live or send their kids to school in an area populated with wind turbines. It will be more difficult to recruit and retain highly qualified employees.

Should the EISD approve a chapter 313 tax abatement for a wind farm, which would be built with federal subsidies, and owned by a Portuguese company, EISD would no longer enjoy the benefits of a cohesive community who is enthusiastic about helping the school in any way they can. Board members must ask themselves, “Do we have what we need, and is it worth sacrificing my community for the allure of the possibility of a *few* extra dollars?”

As you will see in the following pages, properties right here in Cooke County, TX that have a wind turbine on or near them, bring FAR less than properties that are not impacted by wind turbines. Using Cooke County Appraisal District’s tax values as the baseline, **properties near a wind turbine have a selling price that is 20.25% BELOW THE TAX VALUE.**

Conversely, **properties in the proposed area of Wildcat Creek Wind Farm, WHERE THERE ARE NO WIND TURBINES, have shown to have a selling price that is 52.58% ABOVE THE TAX VALUE.**

**PROPERTIES WITH WIND TURBINES SELL FOR 47.78% LESS THAN PROPERTIES WITH NO WIND TURBINES IN THE AREA.**





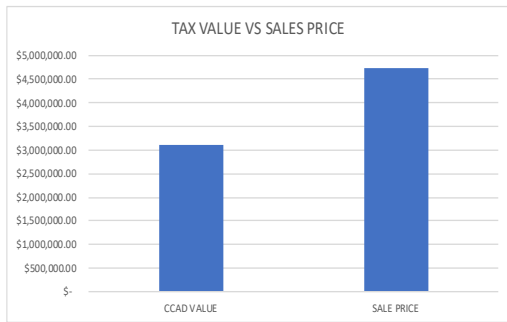


# LAND SALES IN PROPOSED WINDFARM AREA

## LAND SALES IN ERA ISD, IN AREA OF PROPOSED WIND FARM.

MLS	SALE DATE	ADDRESS	ACRES	CCAD VALUE	SALE PRICE	ASK PRICE	DOM	NOTES
13695627	12/18/17	TBD 1198	1.85	\$ 353.00	\$ 15,000.00	\$ 15,000.00	30	TRIANGLE
13832281	2/13/19	LOT 35 CR 339	10.3	\$ 59,616.00	\$ 52,508.00	\$ 69,900.00	288	
13757740	6/15/18	TBD CR 337	10.01	\$ 58,054.00	\$ 58,000.00	\$ 69,000.00	242	
13572116	7/18/17	LOT 5 CR 397	10.01	\$ 46,042.00	\$ 59,000.00	\$ 59,000.00	2	
13655625	8/11/17	LOT 19 CR 337	10.01	\$ 57,476.00	\$ 79,000.00	\$ 89,500.00	14	ALL UTILITIES IN PLACE
14008674	2/28/19	LOT 12 CR 337	10.01	\$ 58,054.00	\$ 82,000.00	\$ 79,000.00	12	
13714142	3/20/18	LOT 27 CR 339	10.01	\$ 41,442.00	\$ 91,982.00	\$ 99,500.00	65	ALL UTILITIES IN PLACE
13719594	12/20/17	00 CR 346	10.77	\$ 63,846.00	\$ 115,000.00	\$ 120,000.00	16	ALL UTILITIES IN PLACE. NEW SMALL SHED.
13735970	4/19/18	00 CR 337	20.02	\$ 80,680.00	\$ 115,000.00	\$ 120,000.00	90	
13590172	5/30/17	FM 373	31.79	\$ 56,359.00	\$ 169,000.00	\$ 169,000.00	10	
13994195	3/8/19	FM 373	31.79	\$ 170,528.00	\$ 229,000.00	\$ 229,000.00	9	SAME TRACT AS ABOVE
13695701	1/26/18	FM 922	99.97	\$ 286,880.00	\$ 425,000.00	\$ 425,000.00	30	
13695640/655	12/28/17	FM 1198	150	\$ 378,000.00	\$ 525,315.00	\$ 707,000.00	29	TRAILER HOUSE, UTILITES. OLD BARN
13695708	11/16/17	CR 340	123.7	\$ 454,545.00	\$ 540,001.00	\$ 494,960.00	30	
13695694	12/28/17	FM 922	216.8	\$ 627,628.00	\$ 923,975.00	\$ 867,200.00	32	BARN, WATER WELL, WINDMILL ON PROPERTY.
13812018	5/22/18	19 CEMETARY F	1.35	\$ 77,213.00	\$ 125,000.00	\$ 152,000.00	12	DOUBLE WIDE & SHOP
13726025	12/15/17	209 BOLIVAR	0.51	\$ 82,197.00	\$ 143,000.00	\$ 145,000.00	2	CONTRACT \$145,000. SELLER PAID \$5000 IN COSTS.
14044183	6/6/19	3330 CR 318	3	\$ 85,708.00	\$ 152,000.00	\$ 170,000.00	40	CONTRACT \$155,000 SELLER PAID \$3000 IN COSTS.
13620240	7/27/17	79 THOMASO	1.02	\$ 94,350.00	\$ 173,000.00	\$ 175,000.00	11	CONTRACT \$175,000 SELLER PAID \$2000 IN COSTS.
13761628	3/7/18	7188 FM 922	1.22	\$ 112,693.00	\$ 175,000.00	\$ 175,000.00	9	INCLUDED SHOP
13847296	6/29/18	2070 CR 329	11.1	\$ 213,991.00	\$ 490,750.00	\$ 498,500.00	15	INCLUDED SHOP, POOL
			765.3	\$ 3,105,655.00	\$ 4,738,531.00	\$ 4,928,560.00		

**THESE PROPERTIES SOLD FOR AN AVERAGE OF 152.58% OF CCAD'S TAX VALUE.**



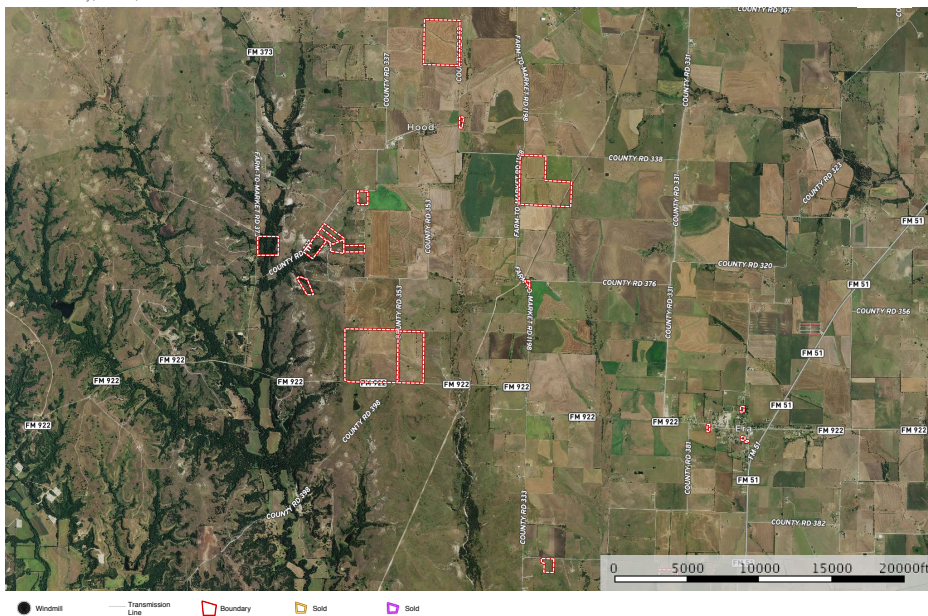
Sales as indicated by North Texas Real Estate Information Service from 1/1/2017 to 7/1/2019.

Tax value information as indicated by Cooke County Appraisal District website.

Additional sales were found, but do to only a portion of the property being sold, the tax value could not be used accurately.

### WIND FARM SALE COMPARABLES

Cooke County, Texas, AC +/-



## FIVE YEAR LAND SALES HISTORY

### 5 YEAR SALES HISTORY

	2014	Cooke County	EISD	MISD
Number of transactions		65	5	2
Days on market		291	188	251
Avg. tract size		57.276	39.99	108.625
Avg. price per acre		\$ 7,400.80	\$ 3,930.08	\$ 3,989.37

	2015	Cooke County	EISD	MISD
Number of transactions		58	1	1
Days on market		255	32	18
Avg. tract size		32.511	173.048	9.29
Avg. price per acre		\$ 8,296.08	\$ 3,090.00	\$ 9,687.84

	2016	Cooke County	EISD	MISD
Number of transactions		98	8	2
Days on market		190	154	29
Avg. tract size		37.945	58.85	240.405
Avg. price per acre		\$ 8,822.01	\$ 5,335.41	\$ 4,999.50

	2017	Cooke County	EISD	MISD
Number of transactions		88	22	3
Days on market		263	41	251
Avg. tract size		61.453	86.588	89.457
Avg. price per acre		\$ 10,259.44	\$ 5,938.91	\$ 4,319.15

	2018	Cooke County	EISD	MISD
Number of transactions		93	11	8
Days on market		189	116	29
Avg. tract size		41.354	38.023	206.254
Avg. price per acre		\$ 11,587.96	\$ 6,400.98	\$ 5,026.39



*Sales as indicated by North Texas Real Estate Information Service  
Full year sales for lots & acreage of all sizes.*