

Summary Of Presentation of Impact on Property Values on Homes in Close Proximity to Gales Ferry Intermodal, by Joanne Kelley, Realtor

On 11/14 and 11/21 I presented my professional opinion of how the **environmental disamenities** created by a rock quarry at Gales Ferry Intermodal will impact property values to nearby residential homes. As a 27-year local realtor with a concentration of my business in Gales Ferry/Ledyard I am well qualified to speak on the following topics which were included in my slide presentation. I requested to be considered as an expert on these areas of my field. At the conclusion of my remarks, I will address the questions and comments made by Attorney Heller at the 11/21 meeting directed to me.

- What factors influence property values?
- What are characteristics of “Location” (Amenities and Disamenities)?
- Methodologies for determining impact on property values

Location is the primary factor in property value and is best characterized by the **amenities** and **disamenities** that locations offer. Pleasant neighborhoods, proximity to parks or open space, quality school districts all are commonly considered things that add value to homes. Negative qualities such as heavy traffic, noise, odors, vibration and poor air quality due to dust would be highly impactful in a negative way to all properties in surrounding neighborhoods. Those listed, along with the visual degradation of the landscape and the health implications of the airborne particulates, potential damage to the river, and the safety issues associated with this ultrahazardous operation will create a **stigma**, defined by *The Dictionary of Real Estate Appraisal* as “an adverse public perception regarding a property with some type of opprobrium...which exacts a penalty on the marketability of the property and hence its value”.

The argument that this has been an industrially zoned property for decades does not obviate the fact that this is a special exception permit for a use that it not allowed in our zoning regulations and is not appropriate for the location due to the creation of the environmental disamenities listed. The fact that Mr. Cashman has been quoted as planning on offering compensation to homeowners who sell their homes at discounted prices due to the quarry clearly shows he accepts this as a foregone conclusion.

I also reviewed the MacCormack analysis on property value impacts and the GOMAN&YORK opinion of property value impacts of proximate properties to a rock quarry. I am very familiar with the methodology used by Mr. MacCormack as it is the same as I have used hundreds of times in working with buyers and sellers. It is commonly known as a CMA or a **market analysis** typically used to determine market value but in this case the question was impact of negative externalities. Its reliability hinges on the quality of the data used, identifying the most comparable properties, and the expertise to adjust for the differences in a meaningful way based on the value of them on the price of the home. Whether helping

a seller price a home for sale or advising a buyer on what to offer on a home determining market value is the most valuable service of a professional realtor to their client. It requires great care and expertise to perform with valid results along with access to reliable data.

The MacCormack appraisal is riddled with inaccurate information, using a very small sample of self-selected properties, which then were crudely analyzed with a grossly inadequate number of controls used to reach any reliable conclusions. You may remember that the appraiser, who disclosed that he was primarily a commercial appraiser with very limited residential experience, mostly doing tax appeals, elicited numerous instances of laughter from the audience when he could not answer questions from the commissioners with any credibility. Individual commissioners asked about why he used certain criteria to adjust for value, like a wooden deck and a chimney, when not considering **major** differences such as type of heating system, municipal utilities, central AC, or the condition of the property. Even though this was a “study” of location impacts on property values he admitted to not considering any location factor (such as a busy road or a commercial neighbor) of the comparable properties AT ALL. Even stating he didn’t think those were major considerations for buyers (?) When he was asked how the different quarries he used as surrogates for the proposed GFI quarry were comparable to the GFI proposal he claimed the Thompson quarry was the most active (not true) based on comments he observed on Facebook. In fact, none of the three “active” quarry operations compared even remotely to the proposal for GFI. All three are relatively inactive and blast as little as once every few months. He also made numerous comments that were incongruent with his supposed “findings” such as “buyers will buy any house they can get these days” which also elicited laughter from the audience.

My research of his subject and comparable properties using the Multiple Listing Service from the time of the sales showed that he failed to consider major criteria on the “proximate” homes (rock quarry homes) which would have had enormous impact on the results (such as a rented, legal In-law apartment, a guest cottage, major renovations, etc). I have never in 27 years worked with an appraiser that did not have access to the Multiple Listing Service, a critical tool necessary to perform this work. From the MLS he would have had access to a wealth of reliable information on each of these properties. I used the mapping function of the MLS to show the distances from the closest homes to the quarry operations to show none of these sites are comparable to the approximately 570 homes within a half mile of the GFI location. The inaccuracies I pointed out in my presentation were just a sample, there were many more. He seemingly made no serious effort to complete a viable study for the commission, and I ask that you give this report the consideration it deserves, which is none. Please do not be fooled.

I also reviewed the GOMAN&YORK “*Land Use and Impact to Proximate Properties*” report (Poland, October 2024). While 90% of it in my opinion was a boilerplate document on the history of land use along with the usual, ubiquitous contempt for NIMBY residential property owners, I was interested in his source material on which he based a conclusion of “the chance of negative off-site impacts, including impacts on property value, is **minimal**,

at best". Mr. Poland states "my professional and expert land use experience and opinion are in line with Wiley (2015) and Ford (2022)"

As I presented before the Commission, Mr. Poland **misstates** the most critical finding from Wiley as follows:

Wiley says "In close proximity to industrial development sites, a localized contraction in house prices **appears** during the pre-development period"

Mr. Poland cites Wiley to say: "Wiley found that properties "in close proximity to industrial development sites" **may experience** "a localized contraction in house price...during the predevelopment period" "

Mr. Poland's wording change misleads the reader as to the actual findings of the study. Please do not be fooled.

In addition, the following slide from my presentation (see attached) is taken directly from Wiley (2015) which demonstrates negative impact in graph form, and that it continues past the completion date for industrial projects, which were more in the category of lighter industrial uses such as warehouses, and showrooms.

In his second source, (Ford, 2022), the findings are not consistent with the vast majority of studies on the subject that I submitted (Exhibit 161-9) in saying that "evidence on the effects of quarries on home values is scant.." In my submission (Sevelka, 2022) (Exhibit 161-9) is one single report that references dozens of studies of rock quarries specifically, it is in fact an easily researched topic and the evidence is very consistent that rock quarries have a **statistically significant** negative impact on nearby residential property values. Ford also goes on to say, "**I find no evidence to suggest quarries reduce home values**", which I pointed out is not the same as saying that the study found evidence that quarries **do not** negatively impact property values. It's not "being cute with words" as Attorney Heller accused but simply noting what I found as a common turn of phrase used by industry funded studies to deny what seems to be the much more highly supported finding, that property values **are** impacted by the **environmental disamenities** caused by blasting, rock crushing, excavation, and moving of rock around and from an industrial facility so close to residential neighborhoods.

I am truly troubled by the submission of these "expert" opinions. While they both conclude that there would be no negative impact on property values, defying logic and critical thinking, neither analysis actually supports those conclusions, as presented. Mr. MacCormack's paired sales analysis was conducted without the required care and expertise (including the necessary tools) that would have met the Universal Standards of Professional Appraisal Practice (USPAP). Mr. Poland, in the GOMAN&YORK report, misquotes, misrepresents and makes judgements on visual, sound, smell, health and safety concerns of a quarry operation without **any scientific expertise** in any of these

fields of study that I could see, and concludes that” **the chance of negative off-site impacts, including impacts on property values is minimal, at best**”. It really undermines my faith in the process of eliciting supposedly “independent” experts to assist the P&Z Commission in making an informed decision. Neither the MacCormack “analysis” or the GOMAN&YORK study are to be taken seriously based on these inaccuracies and disingenuous conclusions. Please do not be fooled.

The last section of my presentation references the vast number of high-quality published studies on the specific impact of quarrying and mining operations on nearby residential homes, and using a very conservative example of how the impact could be applied to this **site-specific** operation on Rt 12 in Gales Ferry, to the residents and taxpayers of Gales Ferry, what the economic impact would look like in decreased tax assessments and loss of market value.

In his follow-up questioning of me Attorney Heller read to me from the CT State Real Estate Law for the practice of real estate appraisers, implying I was acting outside of my license as a realtor by performing an appraisal which of course I was not, even suggesting I was claiming to be an Assessor, another misleading statement. I never acted outside the scope of my expertise or license as a realtor who is an expert on what factors impact property values and how it applies to this application. I did serve for years on the Ledyard Board of Assessment Appeals, appointed by the Town Council, so all of this subject matter is my specific area of expertise. He also showed me a photo of a building and told me it was a landfill and then submitted a photo of a quarrying operation (I think) so that was very confusing. The information I provided on the size and scope of the quarries in Putnam and Thompson and the proximity to residential homes was provided by Detective Jeffrey Bellavance, CT State Police Fire and Explosives Investigative Unit, who oversees the blasting in CT (and who has visited GFI) and the local listing Realtor who was very familiar with the location of the homes and the quarries. I am noticing that several more realtors and at least one mortgage officer have submitted letters to the commission about their personal experiences with real-time effects of the possibility of a quarry having devastating consequences to home sales in our area.

Finally, from just one of the many studies, “*Blasting Quarry Operations: Land Use Incompatibility Issues and Potential Property Value Impact*” by Tony Sevelka, December 2022), the author writes in his conclusion:

“When a blasting quarry operation is permitted to be established in the wrong...location, and the adverse impacts on the environment and surrounding community cannot be mitigated to a “trivial” level, the negative externalities, financial and otherwise, associated with the quarry operation are borne by the public and innocent third parties. Not only is the health, safety and welfare of the community compromised, but the numbers of comprehensive proximity studies have also concluded that residential properties within a certain radius of blasting quarry

operations, as well as pits, are less marketable and sustain a significant loss in property value or home-owner equity”.