

BEFORE THE OHIO POWER SITING BOARD

In the Matter of the Application of Angelina Solar I, LLC for a Certificate of Environmental Compatibility and Public Need))))	Case No. 18-1579-EL-BGN
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DIRECT TESTIMONY OF ANDREW LINES

Q.1. Please state your name, title and business address.

A.1. My name is Andrew R. Lines, MAI. I am a Principal of the Valuation Advisory Services group for CohnReznick LLP. My business address is 200 S. Wacker Drive, Suite 2600, Chicago, Illinois 60606.

Q.2. What are your duties as a Principal of Valuation Advisory?

A.2. My duties as a Principal of CohnReznick LLP's Valuation Advisory group include overseeing a staff of 30 appraisers and valuation experts in all type of real estate. One of my specialty practices has been property value impact studies. I have testified before numerous governmental bodies regarding proposed new developments, including solar power installations, and addressed community concerns regarding those proposed developments. I have worked on numerous redevelopment projects in multiple states, including determining values for acquisitions of property, easements and leases and the evaluation of impacts caused by proposed projects on real estate values.

Q.3. What is your educational and professional background?

A.3. I have a B.F.A. degree from Syracuse University. I am a designated Member of the Appraisal Institute (MAI), a recognized designation by courts of law, government agencies, as well as financial institutions, with over 16 years of real estate appraisal experience. I am a Certified General Real Estate Appraiser with active licenses in the

1 following states: Arizona, Florida, Georgia, Illinois, Indiana, Maryland, New Jersey, New
2 York, and Ohio. I have performed valuations on a wide variety of real property types
3 including single- and multi-unit residential (including Low Income Housing Tax Credit
4 properties), student housing, office, retail, industrial, mixed-use and special purpose
5 properties including landfills, waste transfer stations, marinas, hospitals, universities,
6 telecommunications facilities, data centers, self- storage facilities, racetracks, continuing
7 care retirement communities, and railroad corridors. I am also experienced in the
8 valuation of leasehold, leased fee, and partial interests, as well as purchase price
9 allocations (GAAP, International Financial Reporting Standards and IRC 1060) for
10 financial reporting. I have also completed valuations nationwide for a variety of
11 assignments including mortgage financing, litigation, tax appeal, estate gifts, asset
12 management, workouts, and restructuring, as well as valuation for financial reporting
13 including purchase price allocations (ASC 805), impairment studies, and appraisals for
14 investment company guidelines and REIS standards. I have qualified as an expert
15 witness, providing testimony for eminent domain cases in the states of Illinois and
16 Maryland. I have completed valuation impact studies on landfills, big box retail
17 developments, electric power transmission lines, environmental stigma, view amenities,
18 as well as solar farms.

19 **Q.4. On whose behalf are you offering testimony?**

20 **A.4.** I am testifying on behalf of the Applicant, Angelina Solar I, LLC in support of its
21 application filed in Case No. 18-1579-EL-BGN.

22 **Q.5. What is the purpose of your testimony?**

1 **A.5.** The purpose of my testimony is to evaluate the potential impact of the Angelina
2 Solar Project (“Project”) on property values in the area surrounding the Project.

3 **Q.6. Are you familiar with the Project?**

4 **A.6.** Yes. I have reviewed, and am familiar with, the application filed by the Applicant
5 in this case. I have also visited and am familiar with the area in which the Project is
6 proposed to be located.

7 **Q.7. Are you generally familiar with the impact of commercial-scale solar projects on**
8 **property values in the area surrounding a solar project?**

9 **A.7.** Yes. I have been involved in studies evaluating the potential impact of utility-scale
10 solar projects on surrounding properties in the states of Indiana, Illinois, Minnesota, North
11 Carolina, Missouri and Virginia, the largest being the North Star Solar plant in Minnesota,
12 consisting of 100 MW facility on over 1,000 acres. Additionally, I have been involved in
13 over one dozen studies evaluating the potential impact of community-sized solar farms in
14 the states of Illinois, Indiana, Colorado, and Missouri. For both sized projects, I have
15 provided expert testimony at local zoning and County board hearings.

16 **Q.7. Are you familiar with the impact of the Project on property values in the area**
17 **surrounding the Project?**

18 **A.7.** Yes. At the Applicant’s direction, CohnReznick conducted a valuation study to
19 determine any impact of the Project on the value of the surrounding properties.

20 **Q.8 Can you explain how the valuation study on the Project was conducted?**

21 **A.8.** The purpose of the study was to determine whether existing solar energy uses have
22 had any measurable impact on the value of adjacent properties. In our study, the properties
23 adjacent to existing and established solar energy plants were researched and analyzed -

1 focusing on rural and suburban areas with neighboring residential homes that are most
2 comparable to the areas and adjacent uses of the proposed solar facilities. Those sales
3 located physically contiguous to the solar farms, or the Target Group, are then compared
4 to similar properties that are removed from any solar facility influence, referred to as the
5 Control Group. This comparison was made in order to determine if proximity to solar
6 energy uses results in any consistent and measurable impact on property values. We have
7 studied established, commercial-scale solar farms in the Midwest, Virginia, and North
8 Carolina, and their potential for impact on property values, in addition to the adjacent uses
9 and development trends. As a part of this study, we examined other large-scale solar farms,
10 including nine solar farms in Ohio (three were utility scale- the largest of which was 20
11 MW, while six were smaller community scale projects) and in nearby states; however, they
12 were mostly located in outlying areas or did not have sufficient adjoining sales that
13 qualified for a paired sales analysis either due to limited sale activity or the newer age of
14 the solar farm. The basic premise of this comparative analysis is that if there is any impact
15 on the value of adjacent properties by virtue of their proximity to a solar energy use, it
16 would be reflected by such factors as the range of sale prices, differences in unit sale prices,
17 conditions of sale, and overall marketability. When comparing these factors for properties
18 near an existing solar energy use to properties locationally removed from the solar energy
19 use, it would be expected to see some emerging and consistent pattern of substantial
20 difference in these comparative elements – if, in fact, there was an effect. The paired sales
21 analysis is an effective method of determining if there is a measurable and consistent
22 detrimental impact on surrounding properties and has been recognized as so by Randall
23 Bell, PhD, MAI, author of the text Real Estate Damages, Third Edition, published by the

1 Appraisal Institute in 2016. As an approved method, this technique can be utilized to
2 extract the effect of a single characteristic on value, such as proximity to an existing solar
3 energy use. By definition, paired data analysis is “a quantitative technique used to identify
4 and measure adjustments to the sale prices or rents of comparable properties; to apply this
5 technique, sales or rental data on nearly identical properties is analyzed to isolate a single
6 characteristic’s effect on value or rent.”¹ The difference in sale price is considered to be
7 the impact of the proximity to the solar farm. For each existing solar energy use studied,
8 we have identified Test Area Sales (sales adjacent to existing solar energy uses that
9 occurred after announcement and subsequent development of the solar farm) and have
10 compared those to Control Area Sales (sales of comparable properties that are removed
11 from the influence of a solar energy use) that occurred within a reasonable time frame of
12 the Test Area Sales, adjusted to a common date utilizing a Trend Analysis.

13
14 Ownership and sales history for each adjoining property to an existing solar farm is
15 maintained within our workfile through the effective date of the study. Adjoining
16 properties with no sales data or that sold prior to the announcement of the solar farm were
17 excluded from further analysis. Adjoining properties that sold in a non-arm’s length
18 transaction (such as a transaction between related parties, bank-owned transaction, or
19 between adjacent owners) were excluded from analysis as these are not considered to be
20 reflective of market price levels. The adjoining properties that remained after exclusions
21 were considered for a paired sale analysis (Test Area Sales). We have found Control Area
22 Sales data through the local Multiple Listing Service (MLS) and other real estate broker

¹ The Appraisal of Real Estate 14th Edition. Chicago, IL: Appraisal Institute, 2013.

databases and verified these sales through county records, conversations with brokers, the individual county's GIS services, and the County Assessor's office. It is important to note that these Control Area Sales are not adjoining to any solar farm, nor do they have a view of a solar farm from the property. Therefore, neither the announcement nor the completion of the solar farm use could have impacted the sales price of these properties. To make direct comparisons, the sale prices of the Control Area Sales were adjusted for market conditions to a common date. In this analysis, the common date is the date (or median sale date) of the Test Area Sales. After adjustment, any measurable difference between the sale prices would be indicative of a possible price impact of the solar farm, if any.

In addition to our research and analysis of existing solar energy facilities, we have reviewed property value trends of the adjacent land uses, including agricultural, single-family and residential properties; reviewed published studies, and held discussions with market participants (real estate assessors and brokers).

Q.9. And what were the results of the study?

A.9. Based upon examination, research, and analyses of existing solar energy uses, the surrounding areas, and an extensive market database, it was concluded that no consistent and measurable negative impact had occurred to adjacent property that could be attributed to proximity to the adjacent, commercial-scale, solar energy use, with regard to unit sale prices or other influential market indicators such as marketing time. In addition, interviews with market participants (local real estate assessors and brokers) were conducted to give additional insight as to how the market evaluates farm land and single-family homes that are proximate to solar energy uses. These interviews reaffirmed that there was no difference in price, marketing periods or demand for property directly adjacent to existing

1 solar energy uses when compared to similar properties locationally removed from any solar
2 energy use's influence. This conclusion has been confirmed by numerous county assessors
3 who have also investigated this use's potential impact.

4 **Q.10. What is your overall assessment of the potential impacts of the Angelina Solar Project**
5 **on property values?**

6 **A.10.** Based on my experience with other commercial solar projects and my familiarity
7 with the Angelina Solar Project, as well as the results of the valuation study conducted, I
8 would not expect the Project to be the cause of a decrease in property values in the project
9 area. Specifically, my conclusion is supported by my experience on the North Star solar
10 project in Minnesota, a comparably-sized solar project which has caused no decrease in
11 property values. I note that our results on the North Star solar project were also
12 corroborated by the local county assessor who conducted their own study of 15 properties
13 that were adjacent to the existing solar array, and over a two year period were found to
14 have suffered no negative impact on their respective property values, further, all of the
15 studied properties were found to be appreciating at a rate consistent with the rest of the
16 County. The assessor presented this study in front of the Chisago County Board.

17 **Q.11. Does this conclude your direct testimony?**

18 **A.11.** Yes, it does.

CERTIFICATE OF SERVICE

The Ohio Power Siting Board's e-filing system will electronically serve notice of the filing of this document on the parties referenced in the service list of the docket card who have electronically subscribed to this case. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served upon the persons below via electronic mail this 3rd day of May 2019.

/s/ MacDonald W. Taylor

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Summary: Testimony Direct Testimony of Andrew Lines electronically filed by Mr. MacDonald W Taylor on behalf of Angelina Solar I, LLC