Examples of Properties Devalued by Factory Farms

*Studies & Reports*

In describing the economic costs of CAFOs to rural communities, the recent Union of Concerned Scientists report stated that “because property values are reduced near CAFOs, the residential tax base may suffer as well.”


The recent Pew Commission report on industrial farm animal production described the various negative impacts that factory farm facilities have on the environment, public health, animal welfare, and rural communities. The report did not directly address declining property values, but did note the negative influence factory farms have on rural social capital and the rights of neighbors to enjoy their own properties.


A 2012 report by Dr. John Kilpatrick of Greenfield Advisors evaluates a Colorado property and the impacts a nearby CAFO has on its value. The report explains that the principles within the report would be applicable to the appraisal of any property near a CAFO.


This report was prepared to assist local boards of health who have concerns about CAFOs in their communities and to help them “understand their role in developing ways to mitigate potential problems associated with CAFOs.” The report states that “[t]he most certain fact regarding CAFOs and property values are that the closer a property is to a CAFO, the more likely it will be that the value of the property will drop.” It also noted that “[d]ecreases in property values can . . . cause property tax rates to drop, which can place stress on local government budgets.”


A technical report for the Pew Commission report discussed various CAFO studies and found that: “Industrialization of animal agriculture leads to the reduced enjoyment of property and the deterioration of the surrounding landscape, which are reflected in declining home values and lowering of property tax assessments. Recurrent strong odors, the degradation of water bodies, and increased populations of flies are among the problems caused by CAFOS that make it intolerable for neighbors and their guests to participate in normal outdoor recreational activities or normal social activities in and around their homes.”


The National Association of Realtors has put together a “field guide” that explains what CAFOs are and how they can impact property values. The guide lists several studies and notes that, while a few studies have found a positive impact, “most studies have found a negative relationship between feedlots and property values.”

In Iowa, one 1996 study found that proximity to a hog CAFO decreased neighboring property values in the following order: 40% within ½ mile; 30% within 1 mile; 20% within 1.5 miles, and; 10% within 2 miles.

Another Iowa study found that there may be a 1-10% reduction in property values of residences upwind of new CAFO facilities, and that the drop in value “helps explain opposition by rural residents to large-scale feeding operations.”

A 1999 study in Missouri found that the average loss of land value within three miles of a CAFO was $112/acre.
~ Mubarak Hamed et al., *The Impacts of Animal Feeding Operations on Rural Land Values* 2 (Cmty. Policy Analysis Ctr., Univ. of Mo., May 1999) (finding that “there is a relationship between proximity to a CAFO and the value of property”).

Studies cited by Dakota Rural Action found that property within a 3-mile radius of a CAFO loses 6.6% in property valuation, and property within 0.10 mile of a CAFO loses up to 88% in property valuation.
~ Dakota Rural Action, *CAFO Economic Impact* (June 2006) (citing North Central Regional Center for Rural Development (1999:46); Siepel et al. (1998)).

A Sierra Club study reported that county assessors in at least eight states lowered property taxes for neighbors of factory farms.

A study in Berks County, Pennsylvania evaluated the impact of potential local disamenities on neighboring properties. It found that the impacts of CAFOs on neighboring property values did not vary significantly by species or by differences in the sizes of the operations.

This study evaluated the influence of proximity to swine facilities on the sale price of residential properties, using a GIS-based hedonic model. The study reported that “[r]esults indicate a negative and significant impact on property value from hog operations.” The study also found that the modeling “may be a promising technique for establishing setback guidelines, for assessing property value damages resulting from animal operations, and for evaluating potential property value impacts to surrounding properties when siting a new CAFO.”

A Putnam County, Missouri study found a $58/acre loss of value for properties within 1.5 miles of a CAFO facility.
~ William J. Weida, *The Evidence for Property Devaluation Due to the Proximity to CAFOs* 6 (Col. College & GRACE Factory Farm Project, Jan. 21, 2002).
Three different North Carolina studies, described in a presentation at the University of Kentucky, found that proximity and animal density have significant, negative impacts on the market values of residential properties.

A 2008 University of Northern Iowa study analyzed house sales in Black Hawk County, Iowa to determine the effect of hog CAFOs on property values. It found “large adverse impacts suffered by houses that are very close (within 3 miles) to and directly downwind from a CAFO.”

A 1996 newsletter from EPA’s National Center for Environmental Economics reported on an early North Carolina State University study that used hedonic analysis to make various findings on factory farms and their negative impacts on residential land values.

A recent white paper by the Institute of Science, Technology and Public Policy reported on the negative impacts hog CAFOs have in Iowa, including “marked[] and consistent[]” decreases in land values and quality of life in areas near CAFOs. The report noted a study finding that “[p]roximity to a CAFO can reduce the value of a home by 40%.”

### Articles

This 2001 article in the *Appraisal Journal* explains how CAFOs can negatively impact proximate property values, and lists several factors that should be considered in valuing those properties.

A 2012 press release reported that property owners in Illinois were awarded a 12.5% reduction in their property value based on the effects of a neighboring swine CAFO. The reduction applied retroactively from the time the CAFO was constructed.

A 2007 article in the *Agriculture and Human Values* journal evaluated studies on industrialized farming and community impacts from the 1930s forward. It reported predominantly detrimental effects, including a decline in real estate values for residences close to hog CAFOs.

In Waseca County, Minnesota, a county assessor designed a “smell location chart” to determine reductions in values of properties near feedlots. Factors in the percentage of reduction allowed included the proximity to the feedlot, the number of animals, and the presence of a manure lagoon.
In January 2007, Indiana residents turned out to testify before the state legislature on a CAFO moratorium bill. One woman testified that a businessman was “‘driven to suicidal thoughts because he was unable to sell his home after six years because of the odor from a nearby CAFO.’” Another testified that “‘[d]ecreased property value because of CAFOs mean [sic] decreased revenue from property taxes, which means less money for our schools.’”

The Indiana House passed a bill in February 2007 that would prohibit new CAFOs within 1 mile of cities, towns, schools, and health facilities. One representative who supported the bill said he “want[ed] the pork industry to grow” in Indiana, but that growth could happen “while having respect to our neighbors.” “CAFOs do decrease property values,” he said.

A Michigan Land Use article reported that a tax tribunal reduced the assessments for properties adjacent to CAFOs. It ordered local officials to reduce the taxable values of at least five rural homes by 35% based on problems with stench from a hog livestock factory, and on “slim sale chances” for the homes.

This 2004 paper debunked assumptions underlying CAFO-proponent arguments, including those regarding CAFOs and property use. It noted: “CAFOs generate odor, air and water pollution, all of which have a direct impact on neighboring properties. The closer the neighboring property, the more severe the impact is likely to be. . . . The resulting loss of exclusive use by neighboring properties lowers their values and ultimately also lowers the taxes generated from these properties. Suing the offending party for these nuisance activities could potentially compensate the neighboring property owners. To prevent this, factory farming interests have attempted to sponsor legislation to prohibit nuisance suits for agricultural pollution.”
~ William J. Weida, Considering the Rationales for Factory Farming (for presentation) 10 (Mar. 5, 2004).

Clark County, Illinois established assessment abatements for fifty residential homes around a hog CAFO in the following order: 30% reduction within ½ mile; 25% reduction within ¾ mile; 20% reduction within 1 mile; 15% reduction within 1 ¼ miles; 10% reduction with 1 ½ miles.
~ William J. Weida, The Evidence for Property Devaluation Due to the Proximity to CAFOs 6 (Col. College & GRACE Factory Farm Project, Jan. 21, 2002).

A 2006 article in the Journal of Ecological Anthropology recognized the ill effects of factory farms on neighboring properties: “In addition to their negative effects on the local economy and tax base, large corporate operations are the source of environmental issues that threaten the property values of rural and urban residents. This strains the economic base and places higher burdens of taxation on remaining residents.”
~ Barbara J. Dilly, Tax Policy and Swine Production in Iowa, United States, 10 J. Ecological Anthropology 45, 48 (2006).

A Peoria, Illinois newspaper reported that county officials lowered property values for at least 20 people with homes within two miles of a large sow farm and its odor. The tax board decreased assessments by 30% for neighbors with 1 ½ miles of the operation, and 10% for those within 2 miles of the facility.
An Iowa paper reported on the results of the University of Northern Iowa study mentioned above. One interviewee said that his neighbor had been offered $1 million for his land before plans for a hog lot were announced, but that after the announcement, “the would-be buyer walked away.” “He lost almost $1 million right there. . . . And it’s not necessarily smell. It’s psychological. . . . They don’t want anything to do with them (hog lots) if they see them.” Another interviewee, who had recently bought land in the area, said she “would not have bought the house and all the surrounding property . . . at above market value . . . if a CAFO was going to be built a mile away. . . . And to tell you the truth, I’ll sell my property at a huge loss to move away if they build these things.”


A 2006 Letter to the Editor in opposition to proposed legislation that would weaken Michigan’s environmental laws described the “severe pollution” that CAFOs cause. The author explained that the growing number of CAFOs in Michigan was “threatening our public health, our rural communities and the viability of Michigan’s 52,000 farms.” She also noted that “[t]he stench from CAFOs has led to reductions in property values of up to 70 percent by the Michigan Tax Tribunal for nearby residents no longer able to enjoy or sell their homes.”

~ Anne Woiwode Letter to the Editor, Animal Sewage from Livestock Farms Threatens Communities, Kalamazoo Gazette, May 15, 2006.

In February 1998, residents of Caribou, Maine petitioned the city council for a temporary ban on factory pig farms. Among concerns were “strong odor from waste, surface and ground water contamination and plummeting property values.”


In an article summarizing newspaper coverage of concerns about large-scale swine facilities (LSSF) in Illinois, a “distinct undercurrent” of claims against the facilities was that they were “difficult for communities.” Specifically, “[s]ources were concerned that LSSF were socially disruptive: they went against traditional community values, destroyed the community’s history, violated ethics of neighborliness, and created community conflict. In addition, they were concerned that the community would have to develop infrastructure capacity to handle the effects of LSSF, paying for social services, schools, and health care for migrant workers and cleaning up spills and abandoned lagoons. Those opposed to LSSF also maintained that the large-scale operations had no overall economic benefit for communities because they displaced more jobs than they created, decreased property values and made alternative industries, such as tourism, less viable.”


Coverage of the 2007 Food and Family Farm Presidential Summit in Iowa noted that “many neighbors say the [CAFOs] stink up the air and foul the water, devastate their property values, and drive small farmers out of business.”

~ Jennifer Jacobs, Candidates Tout Their Farm Credentials, Des Moines Register, Nov. 11, 2007.

Cases

In a 2013 decision by the Idaho Board of Tax Appeals, a property owner was awarded a 20% reduction in his residential property assessment due to his property’s proximity to a CAFO. As evidence, the
property owner explained that his property was and would be negatively impacted by the CAFO because of dust and odors, impaired views, nearby (or migrating) contamination and disease, loud noises, etc. He also presented an appraiser working paper that summarized CAFO impacts on nearby property values, a summary of a study done in a neighboring county that quantified property value decreases based on proximity to CAFOs, and a real estate broker’s letter that estimated a decrease in his property’s value of 20-30%. The Board found that the County should have made appraisal adjustments based on these factors, and ordered a 20% reduction relying primarily on the neighboring county study, the appraisal paper, and the real estate broker’s statement.


In a 1997 Indiana Tax Court case, property owners asserted that a state board did not adequately consider the negative effects a proximate hog operation had on their neighborhood when assessing their property. To support their claim that odors from the operation impaired the enjoyment of their property, the plaintiffs presented two jars of air taken from their yard to the hearing officer. The Tax Court held that the plaintiffs met their burden of proving their assessment was incorrect based on the proximate hog operation’s effect on the desirability of their neighborhood. Relevant evidence that the plaintiffs presented included the two jars of air “redolent with swine” (though unopened, the hearing officer conceded they would smell bad), and verbal testimony about how the odor impaired the enjoyment of their property (they were unable to play tennis, open windows, or hang clothes out).


In a case before Indiana’s Court of Appeals that was basically a zoning challenge to a proposed CAFO, some people who lived near the proposed CAFO presented evidence that their property values would decline if the CAFO were built. They presented testimony by their Township Assessor, who said:

The first thing that has to happen if this hog operation goes in, is the neighborhood value will have to be lowered from a good to a fair or a poor . . . . [T]here’s some houses like Flyns [sic], Bowmans and Jerry Marsh’s . . . . Helt’s there’s some of them that the Sexton’s house, there’s two of them there that are pretty new houses, Steve Bowman’s sister just built a new house up there. I wouldn’t be surprised if they wouldn’t drop 30 percent, I don’t think it would be out of the question. So the property values will decrease in this area.

The Court held that the testimony was enough to show that the people near the proposed CAFO would “suffer a pecuniary loss” if the CAFO permit were granted.


In 2002, a Nebraska Court held that a tax commission should have considered the effect of a nearby factory farm on a taxpayer’s property value. The taxpayer presented evidence from an appraiser who “considered that a potential buyer would take into account the odor produced by the hog farrowing facility,” and adjusted the property’s value downward for that and other reasons. The Court made several strong statements illustrating its conviction that factory farms impact neighboring property values:

In the context of negotiations between a willing buyer and seller to arrive at fair market value, the neighboring hog facility and the house’s location would unquestionably affect the market value of Livingston’s house. Any other conclusion would mean that two identical houses, one
located next to the railroad switching yard and the other next to the country club golf course, have identical values – an obviously arbitrary and illogical conclusion that no reasonable person would reach. . . .

That many potential buyers would not look favorably upon the hog facility, and judge the home’s value with reference thereto, is demonstrated by some well-known Nebraska cases in which homeowners have successfully sued hog facility owners for damages caused by interference with the use of their nearby homes. . . .

No reasonable fact finder could conclude that in the real estate marketplace, a potential buyer would not notice, and react economically, to having a large hog facility very nearby while living in a remote location.


In another Nebraska tax case, the state Supreme Court held that an assessor’s valuation was “arbitrary and unreasonable” because it did not apply external/locational depreciation to a home that was near a cattle feedlot. The property owner provided testimony about problems with dust, trucks, and flies from the nearby feedlot. In addition, the well for the home was connected to the cattle-watering facility.

~Darnall Ranch, Inc. v. Banner County Bd. of Equalization, 753 N.W.2d 819, 830-32 (Neb. 2008).

In a 1999 South Dakota case, the Court upheld the decision of a land commission to deny a permit for the siting of a hog confinement facility based on, among other things, devaluation of surrounding real estate.


An appellate court in Illinois has recognized that factory farms can decrease neighboring property values. In Nickels v. Burnett, the Court upheld a preliminary injunction against building an 8,000-head hog CAFO based in part on “extensive evidence in the form of affidavits and scholarly articles authored by the expert affiants demonstrating that, if the hog facility were to begin operation, plaintiffs would experience substantially harmful health effects and a significant loss of value to their land.” The Court found the “harm described was substantially certain to occur should the hog facility begin operations in its present proposed location.”

The neighboring plaintiffs alleged that the facility would devalue their properties (among other things). The plaintiffs introduced the affidavit of a professional appraiser, who stated that neighboring property values would be reduced by 18-35%. They also presented affidavits from two doctors who concluded, respectively, that “years of downwind exposure to Hydrogen Sulfide even in low doses can cause permanent brain damage and . . . any exposure must be avoided;” and that “locating the proposed hog facility 3/4 of a mile or less away from homes is likely to cause medical and psychological symptoms to the people living in those homes.” Another expert opined that “subjecting the Schmidt and Klein families (the families living closest to the site of the proposed hog operation), to the hog operation odors will significantly increase the likelihood that the families will experience health problems and that it will cause greater detrimental effects on the quality of their lives.” In his opinion, “subjecting the other 13 families, whose homes are located within 3/4 of a mile from the proposed hog operation, to the emissions generated by the proposed hog operation will increase their risk of health problems.”

In Pasco, Washington, an appraisal done for litigation purposes found an over 50% reduction in value of a family farm impacted by neighboring CAFO dust, flies, fecal matter, and odor. The CAFO settled the lawsuit by relocating the plaintiffs and buying their farm.

In Michigan, a horse farm appealed its property tax assessment because it was located near a large scale pork processing facility. The horse farm got a 50% reduction based on airborne externalities and flies.

In a 2002 Iowa nuisance case, the Court ordered a pork company to pay $100,000 to homeowners when their home dropped $50,000 in value after a nearby CAFO was built. The plaintiffs had alleged that the CAFO attracted bugs and harmed their physical and emotional health.

In 1998 in Cedar County, Nebraska, property owners received an assessment reduction based on a neighboring CAFO. On the protest form to the tax board, the property owners stated: “Our neighbor has built a hog confinement and lagoon across the road from our house. This same neighbor has runoff from his cattle yards in to the road ditch 100ft from our well. The nitrates in our water ha[ve] increased making it not safe to drink. We feel a valuation increase of $35,340 is unfair.” The board looked at the property and decided to assess a 25% locational depreciation.
~ Great Plains Environmental Law Center, Case Studies, Cedar County, Property Valuation Protest Form (1998).

In January 2002, in Calhoun County, Iowa, a jury awarded $76,400 in damages to four property owners who claimed a 4,000-hog operation within a mile of their properties diminished their property values. In another Iowa county, a Court had recently awarded $100,000 to other property owners for decreased property values from a nearby hog feeding operation.

A 1998 newsblurb from Kansas reported that a jury awarded $15,000 to retired farmers who live near a feedlot for diminished property values and loss of peace of mind.
~ Across the USA: News from Every State, USA Today, June 22, 1998.

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