

Property Values & Livestock Farming – The Whole Story

An analysis by the Coalition to Support Iowa’s Farmers

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Part I -- Location, location, location

Editor’s note: Do livestock farms affect the value of nearby land and residences? The answer is a provocative “yes,” but not nearly for the reasons trumpeted by those opposed to the growth of livestock farming in Iowa. That’s the conclusion of a six-month analysis conducted by the Coalition to Support Iowa’s Farmers (CSIF).

In the first of a three-part series, the issue of livestock farms and rural property values is explored through the eyes and experiences of those who know best: realtors and county assessors. The second installment explores the specific impacts of a new livestock farms on communities and neighboring property values, including a case study involving a hog farm constructed in 2007 near La Porte City. The series concludes with a review of conflicting claims made by property values studies conducted in eight states, including Iowa.

(IOWA FALLS, IA – Feb. 6, 2009) “Buyers sometimes ask if there’s a hog barn in the area but rarely is it a problem or the deciding factor when it comes to making a purchase,” says Jeff Obrecht, real estate sales associate, auctioneer and independent contractor for Omaha-based Farmers National Company.

Obrecht does considerable business in Hardin County, Iowa, home to the most hogs of any county in the state. He says the value of acreages in communities like Alden, Iowa Falls, Williams and others comes down to three important considerations.

“It’s the old story of location, location, location,” says the 18-year real estate veteran. “What most buyers want to know is whether the acreage is close to their place of employment, good schools, churches, hard-surface roads and parks.

“Ninety-nine percent of the people who call me about acreages are going to come and look when one comes up for sale,” Obrecht adds. “Very few have said ‘forget it’ if they see a hog barn in the neighborhood. Many understand that farmers raise hogs and cattle out in the country and know that it comes with the territory. For most, it’s a non-issue.”

Hardin County Assessor Don Knoll says he hasn’t noticed any trends suggesting that valuations of rural property are being adversely affected by their proximity to livestock barns.

“When a piece of property sells, we look at its value. If it goes way up or way down, we want to know why,” says Knoll, who has worked in the Hardin County assessor’s office for nearly 20 years. “If the value of rural property was being adversely affected by

livestock, we'd know about it. So far, we haven't noticed anything that would warrant a closer look."

The value of property, he says, is determined by many factors including the strength of the overall economy, demand, the individual buyer's preferences and other subjective criteria. This combination can make fluctuations in property values very difficult to quantify.

"People don't always tell us why their property isn't selling," he says. "It may be a strong sewer smell or the proximity of a city compost heap. It could be the condition of the property or an ag-related odor like a processing plant, biofuels facility or livestock farm.

"Bottom line, we have a lot of hog barns in the area but property values and transactions appear to remain strong."

Mike Augspurger, a *Burlington Hawk Eye* staff writer, says critics of new indoor hog barns in southeast Iowa frequently claim that such facilities make nearby homes less valuable.

So, in 2007, Augspurger surveyed county assessors in a six-county area to validate the allegations. After completing his investigation, he found only two claims had occurred within range of hundreds of barns in the region – one in 1997 and another in 2005.

"Otherwise, assessors haven't noticed any market reductions," he writes.

Henderson County, Ill., assessor Melinda Clark told Augspurger that she hasn't reduced any property values. In at least one instance in Henderson County, a woman was upset with a "large" hog barn setting up nearby and she moved. A relative, though, paid market value for the home.

In Hancock County, Ill., assessor Dale Bolton said the county is home to several hog barns. Sales of adjacent properties don't happen that often, he said, nor has the county devalued any property as a result of livestock farms.

More than 100 indoor hog barns are located in Louisa County, assessor Greg Johnson told the *Hawk Eye*. He hasn't reduced values of property near them, nor has the county's board of review that dealt with one request three years ago.

"The board did not give them any type of relief," Johnson said, noting that within a year the property sold for more than its assessed value.

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Part II – LaPorte City – a case study of livestock and property values

Part III – No two studies the same when it comes to livestock and property values