

## **Effect of Electric Utility Power Plants on Property Values**

The March 2016 edition of Realtor.com identified factors that reduce home values. It estimated that nearby power plants reduce property values by 5.3%. “There are more than 8,000 power plants across the U.S...the[se] huge facilities spur more NIMBY (“not in my backyard”) movements than anything this side of waste treatment facilities. The most frequently cited reason: safety concerns. The perceived dangers of living near a power plant vary dramatically depending on type, from the seemingly harmless solar to the dreaded nuclear. In general, having a power plant in the neighborhood is associated with lower property prices.<sup>1</sup>

A study by Lucas W. Davis, in May 2010 entitled, ‘The Effect of Power Plants on Local Housing Values and Rents’<sup>2</sup> stated, “This paper uses restricted census microdata to examine housing values and rents for neighborhoods in the United States where power plants were opened during the 1990s. Compared to neighborhoods with similar housing and demographic characteristics, neighborhoods within two miles of plants experienced 3-7 percent decreases in housing values and rents with some evidence of larger decreases within one mile and for large capacity plants. In addition, there is evidence of taste-based sorting with neighborhoods near plants associated with modest but statistically significant decreases in mean household income, educational attainment, and the proportion of homes that is owner occupied. “

A study cited in Business Insider by the University of California at Berkeley found homes within two miles of a power plant saw values drop 4 to 7%.<sup>3</sup>

A classic Michigan study<sup>4</sup> in 1974 stated, “It is found that in a residential community even a relatively small, clean power plant causes measurable damage [to property values] over two miles away.” It found that property within 11,500 feet (2.2 miles) of a power plant loses 0.9% of its value for each 10% move closer to the plant. This equates to the following property value losses (assuming a linear relationship which may not be the case for properties that are very close to the power plant):

Distance (Miles)	Property Value Loss
2.20	0.9%
1.98	1.8%
1.76	2.7%
1.54	3.6%
1.32	4.5%
1.10	5.4%
0.88	6.3%
0.66	7.2%
0.44	8.1%
0.22	9.0%

The conclusion from these studies is that power plants definitely affect property values and that this affect can be expected to be in the range of 3 to 7 percent within about 2 miles from the plant. Some studies noted that this effect can vary based on the specific demographics of the area and that there are multiple factors, which can have different effects in each situation.

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<sup>1</sup> <https://www.realtor.com/news/trends/things-that-affect-your-property-value/>

<sup>2</sup> <http://realneo.us/system/files/PowerplantValueImpact.pdf>

<sup>3</sup> <http://www.businessinsider.com/what-hurts-home-value-2013-5#sinkhole-damage-sucks-property-values-down-a-staggering-30-1>

<sup>4</sup> Glen Bloomquist, The Effect of Electric Utility Power Plant Location on Area Property Value, Land Economics, 1974, 97-100. It should be noted that this study was based on the environment of the coal burning Winnetka Power Plant in Winnetka, Ill. However, this plant was described as, "relatively small and burns relatively clean fuel as shown by a comparison of characteristic of the Winnetka plant and the average of all other steam-electric power plants in Illinois."