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Economic study finds Highland will lose money if pipeline built

MONTEREY — The recently released studies on four counties that would be affected by the Atlantic Coast Pipeline indicates Highland County would be among those to suffer economic losses, should the gas transmission line be built.

The following are statistics and excerpts from the study for Highland, compiled before the newly announced realignment proposed to avoid Cheat and Shenandoah mountains.

Basic facts:

- Miles of pipeline: 25.5
- Acres in the construction corridor and permanent right of way: 386 and 232
- Most impacted land cover type (ROW only): Forest (176 acres lost)
- Parcels touched by ROW: 59
- Parcels in the 1.4-mile-wide evacuation zone: 368
- Residents and housing units in the evacuation zone: 708 people and 519 homes
- Parcels from which the pipeline is visible: 1,945, or 38 percent of all parcels in Highland County

Baseline property value at risk (and expected one-time cost due to the ACP):

- In the ROW: \$8.6 million (\$361,000 to \$1.1 million one-time)
- In the evacuation zone: \$55.1 million (\$2.1 million one-time)
- In the viewshed: \$317.8 million (to avoid double counting with lost aesthetic value under ecosystem services, this effect is not separately estimated)
- Total property value effect lost: \$2.5 to \$3.2 million
- Resulting loss in property tax revenue (annual): \$11,295 to \$14,774

Lost ecosystem service value, such as for water and air purification, recreational benefits, and others:

- Over the two-year construction period: between \$3.7 million and \$13.5 million (a one-time cost)
- Annually for the life of the ACP: between \$1.1 million and \$3.9 million

Lost economic development opportunity due to the erosion of Highland County's comparative advantages as an attractive place to visit, reside, and do business. Under the scenarios examined, these could include:

- An annual loss of recreation tourism expenditures of \$1.5 million that would support 17 jobs, \$311,700 in payroll, and generate \$77,500 in state and \$45,600 in local taxes
- Annual loss of personal income of \$137,000 due to slower growth in the number of retirees
- An annual loss of personal income of \$23,000 due to slower growth in sole proprietorships
- One-time costs (property value and ecosystem services during construction) would total between \$6.2 and \$16.7 million
- Annual costs (all other costs above) would range from \$4.3 to \$7.1 million

The study notes: "For a number of reasons, these estimates are conservative and the actual economic cost of the ACP, if built, would likely be much higher. For further explanation of the concepts, methods, data, and assumptions behind these numbers, please see the technical report, "Economic Costs of the Atlantic Coast Pipeline to Property Value, Ecosystem Services, and Economic Development in Western and Central Virginia," available for download at keylogeconomics.com."

Excerpts from the study:

- **Property Values** — The proposed ACP would affect property values in three ways: from loss of use and enjoyment of the property, from safety risks, and from diminished views from one's property. With some overlap, these effects would be most prominent in three zones: in the right of way, in the evacuation zone (including a narrower "high consequence area"), and within sight, or in the viewshed, of the pipeline.
- Loss of use and enjoyment of properties would be felt most acutely by owners of parcels the proposed 75-foot-wide ROW crosses or touches. Forestland in the ROW will be stripped and converted to shrub or grassland, eliminating the prospect of future timber income. Construction will harm crop and forage productivity due to soil compaction, soil temperature changes, and alteration of drainage patterns. Cropland in the ROW also cannot be managed in the same way due to restrictions on the landowner's ability to cross the pipeline with heavier farm equipment. For the same reason, farm and forestland adjacent to the ROW would become less valuable if it becomes more expensive to reach woodlots or fields on the far side of the ROW.
- Current and future residential housing is another productive use of land potentially suffering an economic loss from the ACP. People now living on parcels in the ROW will feel less safe, may be at risk of losing wells during or after construction, and will be deprived of the peace, quiet, and scenic views paid for when properties were initially purchased. There would also be a loss for potential subdivision and development depending on how and where the pipeline crosses unimproved properties. These economic losses translate into financial losses when current owners attempt to sell their properties and find, as Highland landowners already have, that buyers are far less interested in properties near the proposed right of way. "Most of my clients have told me they don't want to look at any properties on or adjacent to the proposed pipeline," says Daniel Hotz, a realtor from McDowell. "Buyers are concerned about safety, views, and resale values. The permanent easement that it will create will devalue every property in its path."

- These estimates of lost property value and tax revenue are conservative for five reasons. First ... estimated impacts on sale prices for properties in the ROW do not take into account the fact that more than three out of five prospective buyers would not buy such properties at any price. Second, our estimates treat properties in the (higher risk) high consequence areas as if they are affected only to the same degree that properties in the evacuation zone would be affected. Third, we have not quantified the effect of additional surface infrastructure, such as access roads, that would take up land outside the right of way. Fourth and finally, the estimated impacts on tax revenue do not reflect lost value for properties with pipeline-damaged views. If the ACP is permitted, a property-by-property reappraisal of all parcels affected in any of these ways and in all areas – along the ROW, in the evacuation zone, and throughout the viewshed – should be undertaken to determine the full impact on landowners and local tax revenues.

- The ACP would significantly undermine progress toward its economic goals if the loss of scenic and recreational amenities, the perception and the reality of physical danger, and environmental and property damage were to discourage people from visiting, relocating to, or staying in the county. Workers, businesses, and retirees who might otherwise choose to locate along the ACP's proposed route will instead pick locations retaining their rural character, productive and healthy landscapes, and the promise for a higher quality of life. This is already occurring in the region. With the possibility of the ACP looming, business plans have stalled and the real estate market has slowed. Highland residents are also concerned that the ACP could have broad, negative effects on the economy. During the scoping phase of the Federal Energy Regulatory Commission's environmental review, all Highland County residents who mentioned the economy expressed a belief that the ACP would have a negative effect. Of those who mentioned agriculture or tourism, all but one believe the ACP would harm those sectors.