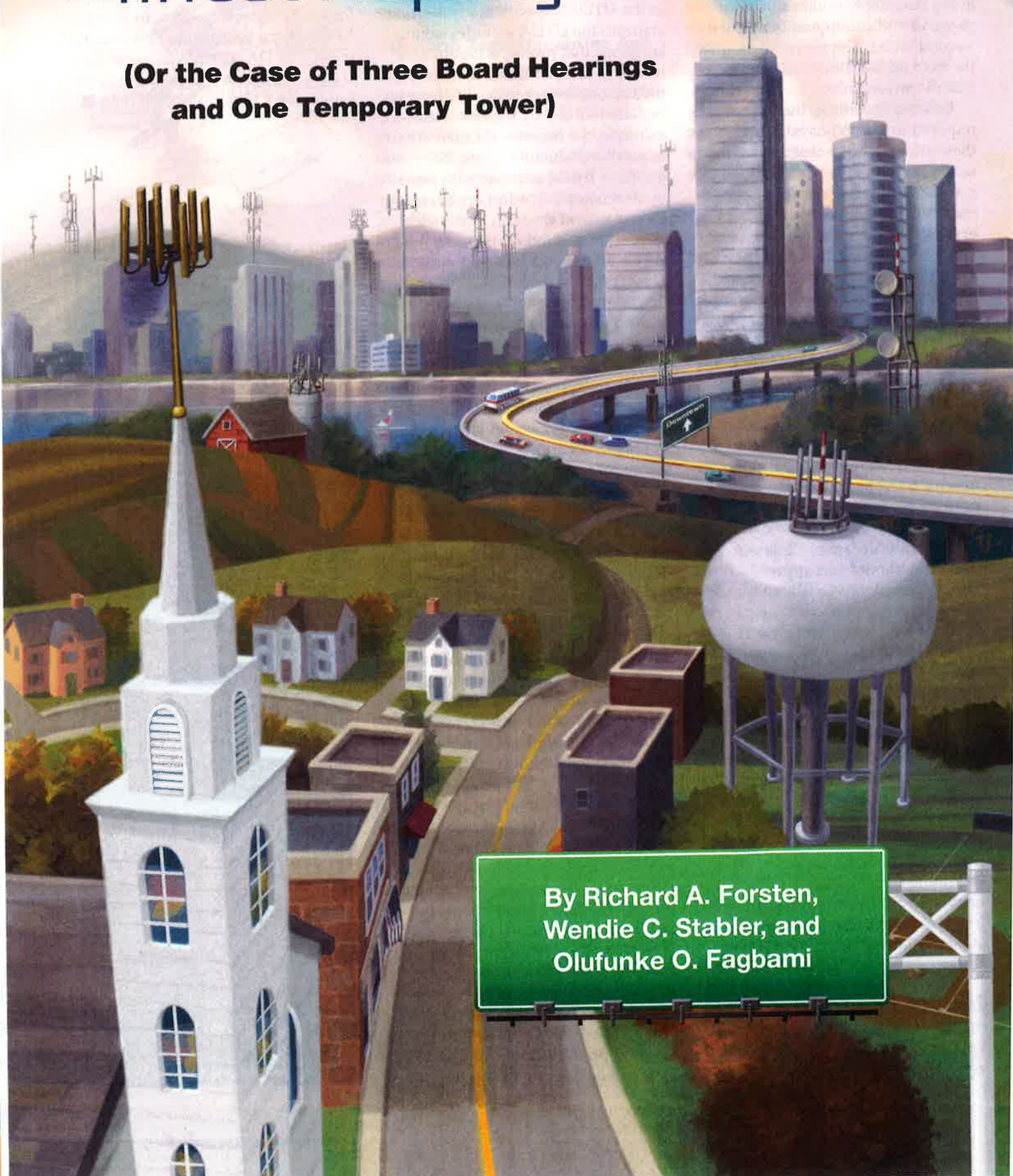


Cell Phone Towers Do Not Affect Property Values

(Or the Case of Three Board Hearings and One Temporary Tower)



By Richard A. Forsten,
Wendie C. Stabler, and
Olufunke O. Fagbami

Cell phone use has exploded. Ten years ago, the iPhone did not exist. Smartphones did not exist. The iPad did not exist. Blackberries were cutting edge. There was no Twitter, no Instagram, no Pinterest. Facebook was still nascent, and MySpace was still popular. Today, people regularly access the Internet over their smartphones and tablets. They tweet, they post, they snapchat.

In just an eight-year period, from 2007 to 2014, AT&T saw a 100,000% increase in mobile data traffic on its wireless network—not a 100% increase, not a 1,000% increase, but a 100,000% increase. See Randall Stephenson, *Chairman's Letter*, AT&T 2014 Annual Report (Feb. 10, 2015), www.att.com/Investor/ATT_Annual/2014/letter_to_investors.html. National mobile data traffic is estimated to increase another sixfold from 2015 to 2020, at a compound annual growth rate of 42%. See Cisco, *VNI Mobile Forecast Highlights, 2015–2020*, www.cisco.com/assets/sol/sp/vni/forecast_highlights_mobile/index.html (last visited Feb. 23, 2016).

People have responded to this technology. And they like it. A lot.

But one thing people do not seem to like is cell towers—the infrastructure necessary to make the network work. Despite pundits who predicted that technology would reduce the number of towers, the need for additional towers and network capacity is greater than ever, as the network capacity to transmit data has been far outstripped by the ever-growing demands of a population abandoning its landlines in favor of the convenience of smartphones and mobile data access.

In most jurisdictions, proposed new cell towers must undergo some sort of public application process involving a public hearing. Given the chance, those in the area will oppose any proposed new tower. While the Federal Telecommunications Act of 1996, 47 U.S.C. § 332 (7)(B)(iv), prohibits jurisdictions from denying cell tower applications on the basis of alleged ill-health effects,

neighbors invariably argue that a new tower will adversely affect property values (specifically theirs), so the pending tower application should be rejected.

Appraisers argue to the contrary. Cell towers, they point out, are much like other modern infrastructure (telephone poles, utility lines, streetlights, and so on). Although cell towers may initially be noticed, they quickly fade into the background and have no appreciable effect on value—just as telephone poles, utility lines, streetlights, and the other infrastructure of modern life do not affect value. Although this conclusion may seem counterintuitive to many, and certainly those opposing a new tower will vehemently disagree, it is borne out by the statistics and studies.

Recently, in Sussex County, Delaware, a unique set of circumstances made it possible to review the effect of a proposed tower on the property values of surrounding properties *before* the final approval was granted. Specifically, after an approval for a proposed tower was granted, it was challenged. While the challenge was pending, a temporary tower was erected in the location proposed for the permanent tower. The challenged approval was reversed and a new hearing ordered. Because the county has a policy of allowing zoning code violations to remain in place while the property owner seeks a variance or undertakes other remedial action (in this case, the new hearing process), the county allowed the temporary tower to remain.

Over the course of the next two years, while the challenges to the tower played out before the Sussex County Board of Adjustment and the Delaware courts, the temporary tower remained, allowing the tower applicant to analyze property values before and after the temporary tower was constructed and to measure its effect on local property values as compared to the market as a whole. In fact, as further described herein, and consistent with the broader literature on the subject, the actual data for the site in question confirmed no effect on value.

This article is divided into three parts. First, it reviews various studies

and analyses available on the valuation question, all of which generally indicate that cell towers have little or no effect on the value of nearby properties. Following this general review, the article examines the case of *AT&T v. Sussex County Board of Adjustment*, No. S14A-04-001 MJB, 2015 WL 1975629 (Del. Super. Ct. Apr. 30, 2015), in which AT&T was able to demonstrate that its proposed tower would have no effect on value because, during the pendency of the lengthy appeals process concerning the originally-approved tower, AT&T had erected a temporary tower, which was shown to have no effect on value. Put another way, unlike most cell tower applications in which opponents argue that studies from other areas are not indicative of the effect the proposed tower will have on their properties, AT&T was able to conclusively demonstrate that the proposed tower in the proposed location would have no effect on nearby property values. Finally, this article concludes with some other lessons from the *AT&T* case.

Generally Speaking, Cell Towers Do Not Affect Property Value

Generally speaking, most studies of the issue conclude that proximity to a cell tower has no significant effect on property values. For example, a 2001 study by Thorn Consultants, which examined 85 transactions involving vacant lots, and 26 transactions involving homes and 26 transactions involving vacant lots, concluded that “proximity to the cell site did not affect sale prices of homes or residential lots within the Potomac study area.” See Thorne Consultants, Inc., *Monopole Impact Study on Residential Real Estate Prices for Homes and Residential Lots in the Vicinity of the Bullis School, Potomac, Montgomery County, Maryland* (May 2, 2001), at 3. The 2001 study, in turn, referenced a 1998 study in the Richmond, Virginia, area that examined six towers and 140 properties, and that also concluded “there was no consistent market evidence suggesting any negative impact upon improved residential properties exposed to such facilities in the areas included in the study.” See Allen G. Dorin Jr., MAI, SRA & Joseph W. Smith III, *The Impact of Communications Towers*

Richard A. Forsten and Wendie C. Stabler are partners, and Olufunke O. Fagbami is an associate, in the Wilmington, Delaware, office of Saul Ewing LLP.

on Residential Property Values, Right of Way, Mar./Apr. 1999, at 17, available at <https://www.irwaonline.org/eweb/upload/0399b.pdf>. A 2004 study of homes in Orange County, Florida, found a minimal effect of 2% on value. See Sandy Bond, *Using GIS to Measure the Impact of Distance to Cell Phone Towers on House Prices in Florida*, Appraisal J., Fall 2007. A 2013 study from Chatham County, North Carolina, concluded that “the proposed tower will not adversely affect property values in the general vicinity of the tower,” and a study from that same year in Holly Springs, North Carolina, concluded that for an existing tower, “there does not appear to be any significant or consistent change in value from the properties located [closer to or farther from the tower] . . . concluding that the tower does not affect the value of the properties as distance increases from [the] tower.” See David A. Smith, *Impact Analysis of a Proposed Telecommunications Tower on the Values of Properties in the General Vicinity of the Tower Located on Poythress Road, Chatham County, North Carolina* (Sept. 10, 2013), at 1, available at www.chathamnc.org/RezoningSubdivisionCases/2013/9-16-13_BOC/Meacham_Cell_Lot/PH_Comments/Impact%20Analysis%20SK011715.pdf; Tom J. Keith & Associates, Inc., *Impact of Cell Tower on Surrounding Properties*, available at http://d39pcpjksqjx5i.cloudfront.net/media/re-research/cell_tower_study.pdf (last visited Feb. 23, 2016). Finally, a 2005 study from New Castle County, Delaware, looked at eight tower sites and similarly concluded that “the market demonstrates no ascertainable diminution of value to surrounding neighborhoods due to the installation or presence of a nearby communications tower.” See Appraisal-Associates, Inc., *Impact of a Telecommunications Tower upon Values of Residential Properties* (Aug. 2005), at 93. “The data demonstrates that residences in close proximity to a tower (less than one quarter mile or 2,000 feet in the case of the vast majority of the sales studied) did not incur a measurable diminution in value after development of the tower.” Id. at 92.

A 2005 survey conducted by researchers in New Zealand found an interesting bias. Although the study concluded that proximity to a tower did seem to affect value, it also found that those in the “control group,” who did not live near a tower, expressed a great deal more concern over the effect of a tower on property value than those who lived near a tower. See Sandy Bond & Ko-Kang Wang, *The Impact of Cell Phone Towers on House Prices in Residential Neighborhoods*, Appraisal J., Summer 2005, at 256, 262–65. Specifically, almost half of the control group expressed concern about the effect on value, while only 13% of those living near a tower expressed concern, and more than 60% were not worried about the effect on value. Id. The researchers theorized that this difference between those who did not live near a tower versus those who did may be because those living near a tower did not want to express fears about property value decline that would then, in fact, lead to lower property values. Id. An explanation just as likely, if not more so, is posited by researchers whose studies find no general effect on value—that is, that because cell towers are perceived as part of today’s modern infrastructure, they simply fade into the background and are not noticed. Those living near towers do not express concern, or do not perceive the cell towers as having a negative effect on property values, because the towers have simply faded into the background as part of the existing landscape.

Despite the general consensus that cell towers do not adversely affect property values, courts have sometimes allowed boards and administrative bodies to ignore studies from other jurisdictions and locations, on the apparent theory that such studies fail to take local factors into account. For example, in *Cingular Pennsylvania, LLC v. Sussex County Board of Adjustment*, No. 05A-12-003-RFS, 2007 WL 152548 (Del. Super. Ct. Jan. 19, 2007), at *8, the Delaware Superior Court justified the board’s refusal to consider two out-of-state analyses because they “were not substantially similar to the proposed area in question.” The court then suggested that Cingular could have

studied the effect its proposed tower would have on properties in the immediate area, but how to study an un-built tower was not explained. Indeed, this is the conundrum facing many applications—while studies and data based on other towers indicate no significant effect on value, opponents claim that such studies involving other areas and other towers should not apply to their particular properties.

In 2013, though, AT&T would find itself in the unique and unanticipated position of demonstrating that its proposed tower would have no effect on value based on actual market data from the actual geographic area surrounding the actual proposed tower. Thus, the challenge of disproving a negative had just become much easier.

AT&T v. Sussex County: One Cell Tower, Three Hearings, No Effect on Value

The case that would become *AT&T v. Sussex County Board of Adjustment* began in the early 2000s, when New Cingular Wireless PCS (which would later be acquired by AT&T) first identified the need for a new cell tower as part of its network in the general vicinity of Bethany Beach, Sussex County, Delaware. After several years of fits and starts, Cingular finally found a suitable site with a willing property owner—the rear of a combination Arby’s Restaurant/BP Gas Station parking lot. The property was located on the east side of Route 1, the major north/south artery serving the Delaware beaches from Fenwick Island at the Maryland line to Rehoboth Beach to the north. A late night drive-thru for the Arby’s was located on the back side of the building (the same side as the proposed tower) and a water retention pond was located at the very rear of the property. To the immediate south of the property was a furniture store and to the immediate north, a small undeveloped parcel. To the east and a portion of the southern boundary was a small (46-unit) condominium community called “Sea Pines.” To the south of Sea Pines were a Holiday Inn Express and a seafood restaurant, and to the east of Sea Pines was the much larger, and considerably taller, Sea Colony

Condominiums, consisting of multiple nine-story buildings. See Figure 1.

Under the Sussex County Zoning Code, if a cell tower "is to be erected within 500 feet of any residentially zoned lot," as was the case here, a special use exception is required from the Board of Adjustment. Sussex County Code § 115-194.2(A). In addition to meeting certain technical requirements regarding height, setback, and lighting, among others, the applicant must also demonstrate that the special use exception will not "substantially affect adversely the uses of the adjacent and neighboring property." Sussex County Code § 115-210.

Cingular submitted its original cell tower application in September 2009. Neighbors opposed the tower, but the board granted the request by a 3-2 vote. Opponents of the project then appealed to the Delaware Superior Court; while the appeal was pending, Cingular, with the permission of the county, installed a temporary cell tower. After the temporary tower was erected and while the appeal was pending, it was discovered that the county had posted notice of the hearing on the wrong property (the undeveloped adjacent parcel to the north). Thus, the superior court held that, even though posting of a property is not *required* under county rules, and all other notices (for example, newspaper and mailings) had been properly given, if the county was going to post on a property, it needed to post on the correct property, and a new hearing was ordered. See *Sea Pines Vill. Condo. Ass'n of Owners v. Bd. of Adjustment*, No. S10A-01-003 THG, 2010 WL 8250842 (Del. Super. Ct. Oct. 28, 2010).

So, Cingular (now a part of AT&T) went back to the board for a new hearing. This time, more opponents showed up and the board voted 3-2 to deny the request; in doing so, the board noted in its written decision that "it was impossible for the Board to disregard the large number of individuals opposing the tower." This time Cingular appealed, first to the superior court, which affirmed the board, and then to the Delaware Supreme Court. The supreme court reversed the board's decision because the board applied the wrong standard in

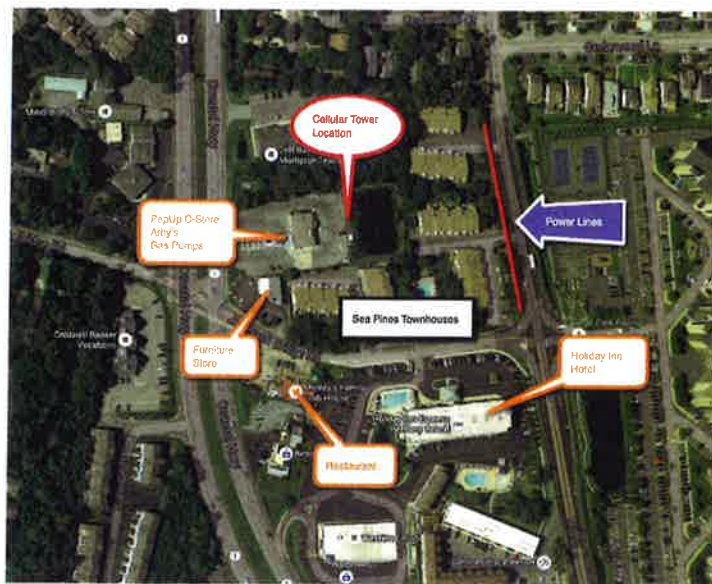


Figure 1.

evaluating the application; the board found only that the proposed tower would "adversely affect" neighboring properties, not "substantially affect adversely" as required by the Sussex County Code. See *New Cingular Wireless PCS v. Bd. of Adjustment*, 65 A.3d 607, 611-12 (Del. 2013). The matter then returned to the board for a third hearing, some four years after the first hearing, and the stage was now set: with a temporary tower having been in place for over three years, one could look at the movement of property values in the vicinity of the temporary tower both before and after the tower was constructed and compare those movements to the movement of property values in the wider market; or, put another way, one could determine with relative certainty what effect, if any, a tower at the proposed location might have.

The Temporary Tower Has No Effect on Property Value

AT&T had two appraisers look at the market effects of the temporary tower. The first appraiser looked at sales of two-bedroom nonwater-view condominium units (that is, units comparable to the condominium units adjoining the cell tower site). He found a total of 36 sales, of which the top two sales, and six of the top 10 sales, were in the Sea Pines Condominium community immediately adjoining the cell tower site. If the tower were going to have an

effect on value, one would think that the top sales prices would not be achieved in the community immediately surrounding the tower.

AT&T's other appraiser tracked the movement of prices in the Sea Pines community and the larger beach community for two years before and through two years after the

installation of the temporary tower. His analysis demonstrated that as the larger real estate market moved up and down, so did the Sea Pines community in approximately the same way. See Figure 2 on page 14. In testifying before the Sussex County Board of Adjustment, the appraiser explained:

In this high density mixed use area, there's a lot of influences surrounding this project already. So people, when they're making a purchase decision in Sea Pines and other areas in this resort market, there are many things that impact your decision, your view, your access. And a cell tower pole, a single monopole, really is an expected thing in today's world. As we showed, one side of this property is lined with power lines that have been there forever. People need power. They're an accepted part of the landscape. Apparently, people have been making purchase decisions in Sea Pines for many years in the presence of those lines and the other uses like gas pumps and the convenience store, and we just didn't see any evidence of this one particular structure [having] a unique influence on property value.

Opponents of the project testified at the hearing before the board as well. They

offered no appraisal or other direct evidence of any effect on value. In fact, some of their testimony actually bolstered AT&T's case when two residents testified that they had experienced no problems in fully renting their units during the rental season after the temporary tower was installed—or, put another way, the temporary tower did not affect the ability of unit owners to rent their units. Moreover, no unit owners complained of having to lower rents to secure tenants or of any other adverse economic effect. One of AT&T's appraisers also did a study of rental rates and found that Sea Pines's rental rates were consistent with the local market and that there was no effect on rental rates associated with the temporary tower.

In sum, then, the case of the Sussex County temporary tower confirms what studies have shown for years—that cell towers have become part of the suburban landscape and have no appreciable effect on value. Like telephone poles, power lines, streetlights, and the other infrastructure of modern life, cell towers fade into the background and draw no more attention than other infrastructure.

Some Other Lessons from the AT&T Case

AT&T's experience in this case provides two further lessons. First, a land use applicant needs to be absolutely certain that all procedures are followed properly; and, for better or worse, this means confirming that the local governmental body has given the proper notices and made the proper mailings and postings. But for the county's inadvertent error in posting notice of the hearing on the wrong property in 2009, AT&T could have avoided four years of additional litigation. One need not be heavy-handed in confirming that things are done properly, but confirmation should be obtained.

More importantly, the Delaware Superior Court's 2015 opinion, following the third hearing by the board, marks something of a watershed for Delaware courts in the way they deal with decisions by boards of adjustment. Under Delaware law, appeals from the board go to the Delaware

Superior Court, which, by statute, has the power to reverse, affirm, or modify a decision of the board. See Del. Code Ann. tit. 9, §§ 1314(f), 4918(f), 6918(f); Del. Code Ann. tit. 22, § 328(c). Significantly, unlike other Delaware statutes

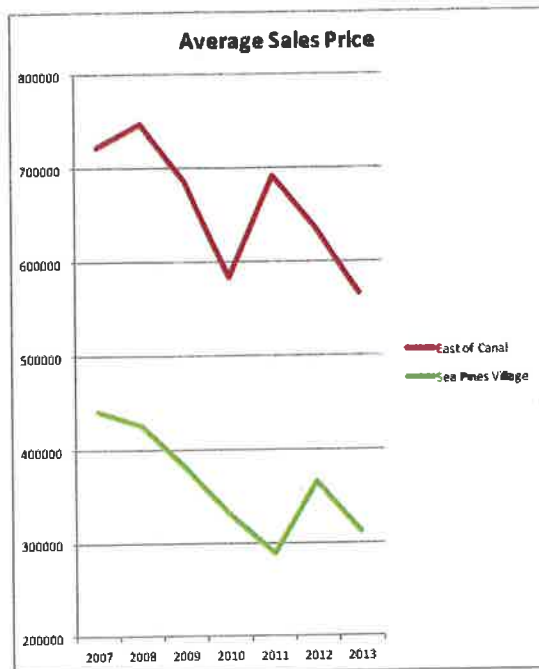


Figure 2.

regarding appeals from other boards and administrative bodies, there is no power to "remand" a decision back to the board of adjustment. (For examples of statutes in which remand is specifically listed as a remedy, see, e.g., Del. Code Ann. tit. 7, § 6612(b); Del. Code Ann. tit. 7, § 6214(b); Del. Code Ann. tit. 9, § 8312(c); Del. Code Ann. tit. 14, § 1414; Del. Code Ann. tit. 18, § 328(h); and Del. Code Ann. tit. 19, § 2350(b).) And this lack of remand is most likely not an accident.

Most matters before a board of adjustment involve homeowners seeking minor dimensional variances for things such as screened porches or additions to their homes. Judicial review, of course, can be a time-consuming and expensive process. Rather than remands and multiple hearings, the Delaware General Assembly gave the superior court the ability to decide the matter (reverse, affirm, or modify) as part of its decision on appeal, rather than remand back to the board for further proceedings. Indeed, although most appeals are on the record, the General Assembly further provided

that the superior court could receive additional evidence as part of the appeal process. Del. Code Ann. tit. 9, §§ 1314(e), 4918(e), 6918(e). The only reason for the court to receive additional evidence would be for the court to make find-

ings on its own and resolve the matter once and for all, rather than remand a proceeding back to the board for another hearing and, potentially, another appeal. Homeowners should not be faced with years of litigation over whether they can build an additional two feet into a setback.

But, despite the lack of the power to remand, when reversing a board decision denying a permit or variance request, courts have almost always said that reversal does not constitute a grant of the permit or variance—rather, the court requires the applicant to go back to the board and re-apply for the permit or variance with a new hearing and an entirely new process. In other words, reviewing courts have done the functional

equivalent of a remand, even though the courts do not call what they're doing a "remand."

The superior court's 2015 decision is significant, then, because the court did *not* reverse the board and then require AT&T to go back to the board and re-apply (for what would have been the fourth time) for a special use exception for the cell tower. Rather, the court specifically recognized that it did not have the power to remand and therefore modified the board's decision by ordering the special exception granted. Specifically, the court explained:

At this stage, Appellant [AT&T] has been before the Board and the Court three times regarding this project. The first time, the Board's approval was reversed on procedural grounds. The second time, the Board applied the wrong standard and denied the application, resulting in the decision ultimately being reversed by the Supreme Court. Because the statute provides no authority to remand, Appellant has had to file

a new application each time. While courts typically reverse rather than modify decisions of the Board of Adjustment Review, the statute [] clearly provides the Court with the power to modify when appropriate. This is such an instance. . . . The statute in the instant case only allows the court to affirm, reverse, or modify. In the absence of the option to remand, the Court finds Appellant's argument that the decision be modified to grant the permit especially compelling. . . . For the foregoing reasons, the decision of the Sussex County Board of Adjustment is MODIFIED and AT&T's Application for a special use exception to construct a permanent 100-foot telecommunications tower on [the] Property is GRANTED.

AT&T, 2015 WL 1975629 at *14-15. Thus, the court granted AT&T the special use exception it needed to construct a permanent tower. When opponents did not appeal the superior court decision, AT&T's odyssey was finally over.

The court stated that it was modifying the board's decision, not reversing

it. Certainly the statute states that a court may "affirm, reverse, or modify," although one would think that granting a previously-denied application is the very epitome of a "reversal," not a "modification." "Modification" would seem to be reserved for those situations in which, perhaps, the board imposed conditions on a variance and the court modified those conditions or lessened or increased the dimensional component of a granted variance but otherwise left the grant in place. Regardless, though, the *AT&T* court's decision is good news for property owners and other applicants who receive denials from a board—the court has explicitly recognized that it lacks the power of remand and acted accordingly. Perhaps future applicants will now be spared the cycle of hearing, judicial review, new hearing, more judicial review, and so on.

Conclusion

Studies have long shown that cell towers have no appreciable effect on property values, but opponents of towers, and some boards that consider these applications, refuse to believe these studies. Nevertheless, the results

are supported by empirical data, and, although it may seem counterintuitive, the results ultimately make sense. As one appraiser in the *AT&T* case observed, "a cell tower pole, a single monopole, really is an expected thing in today's world. . . . people have been making purchase decisions [] for many years in the presence of those lines and the other uses like gas pumps and the convenience store, and we just didn't see any evidence of this one particular structure [having] a unique influence on property value."

The *AT&T* case is especially interesting and uniquely helpful because it allowed the cell tower applicant to demonstrate that there would be no effect on value for the very location at issue. Property values in the vicinity of the temporary tower moved in the same way as property values in the larger market. Not only is this conclusion consistent with the general literature and studies in this area, but AT&T was actually able to demonstrate that its proposed tower in its proposed location would not affect property values in the immediate area. ■



LAW FINANCE GROUP PAYS YOUR BILLS WHEN YOUR CLIENT'S FUNDS HAVE BEEN EXHAUSTED.

"LFG stepped in to assist us when we needed them most...Many others believed in the case, but few had the wisdom to invest in it. Only one had the resources to fund it to the finish line."

— Richard S. Van Dyke, Esq., Managing Partner, Van Dyke & Associates, LLP

EstateFinance pays legal fees, estate taxes and personal advances to clients starting at \$500,000.

Law Finance Group is a Licensed Lender under the California Finance Lenders Law.

For EstateFinance® inquiries:

Wendy Walker, Estate Funding Director/Legal Counsel

Email: wwalker@lawfinance.com

Office East: 212 446 6767

Office West: 415 446 2313

WWW.LAWFINANCE.COM

