



Date: Wednesday, May 1, 2013

To: District of Muskoka Planning and Economic Development Department

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**c.c. Township of Lake of Bays Council and Planning Department
Lake of Bays Association Board of Directors**

**RE: MUSKOKA RESORT AND TOURISM OFFICIAL PLAN POLICY REVIEW
Comments on PKF Interim Options Report**

**MUSKOKA:
THE ENVIRONMENT IS THE ECONOMY
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In matters of tourism and economic development the Lake of Bays Association strongly supports the Muskoka Watershed Council's position that in Muskoka, "the economy is the environment and the environment is the economy".

Quite simply, it is the unique and marvelous combination of the large natural forest and wildlife area, the limited urban development of the region, the beautiful rock outcrops of the Canadian Shield and the numerous pristine swimmable tiny lakes that dot the region that attracted the traditional cottage or resort tourist to the area and that continues to attract tourists to the area. Historically most such visitors routinely come from the ever growing Greater Toronto region some two hours or 100 miles to the south who seek a contrasting respite from the unrelenting urban development that they experience on a day to day basis.

However, aside from this outstanding environmental characteristic, there really are no other factors, either physical, geographic or socio-economic, that could otherwise be anticipated to direct tourism to Muskoka or singularly establish it as a tourism destination.

In fact there are a number of cruel factors that serve to severely limit the potential for expanding tourism in Muskoka. These include:

- A very short summer vacation period of about 10 weeks for prime swimming and boating.
- Limited winter attraction. No potential terrain to develop destination downhill ski resorts. Unreliable snow conditions and only snowmobiling, snowshoeing, X-C skiing to attract tourists.
- Very limited fall shoulder season and attraction. Fall leaves and golf only until early October.
- Extremely difficult spring shoulder season. Black flies and mosquitoes and climatic factors.
- Very sensitive natural environment susceptible to pollution, human activity and urbanization.

In turn, these factors tend to make many tourism related facilities inherently uneconomical. It is difficult to sustain hotels, resorts and restaurants anywhere on a limited seasonal basis and in fact the underlying cottage industry that was initially attracted to the area likely does not make fundamental economic sense itself but rather represents a lifestyle choice for those who do own second homes here. Older resorts crudely and inexpensively built on once cheap land that could sustain the limitations of the seasons can no longer operate given the need or desire to capitalize on current land values, changing market demands for more luxurious surroundings and evolving building code matters and related contemporary construction costs.

Efforts to broaden the range of shoulder season business for more elaborate resorts are inevitably in severe competition with equally more elaborate resorts in urban areas and in destinations that can offer other features such as warmer weather, longer golf seasons etc. where the attraction is really something other than the Muskoka competitive edge which is the natural environment and beautiful pristine lakes that are most easily enjoyed during the short summer season.

Most significantly, attempts to create larger resort facilities have often had the result of diminishing the quality and appeal of the site related natural environment exponentially, presenting a conundrum of sorts that the more you try to develop tourism facilities the less attractive the area is for tourism and the more the competitive edge of the natural environment is threatened.

Recently, there have been a number of fractional ownership initiatives in various iterations that fall within a range of commercial to residential character. Most of these have not been successful beyond the initial construction phase and virtually all have been based on a model involving the purchasers being liable for carrying the cost of low utility shoulder seasons as a personal lifestyle choice. It would appear a number of such purchasers have not been fully aware of this reality.

Aside from how they are packaged, these types of developments typically have significant physical and visual impacts on the environment again reducing the natural competitive edge of the area. Localized densities are heightened, and there is a need for either public or private sanitary sewer facilities with an attendant likelihood of increased pollution of the lakes and

degradation of swimmable water quality. In addition, where these developments fail, the burden for maintaining sewer facilities can fall to the local municipality and ultimately the local taxpayer.

Effectively it is concluded that Muskoka has been blessed with some very special tourism capacity that can sustain some level of local economic development activity. However, this capacity is likely fairly finite and efforts to grow the capacity through urbanization and large projects will likely have the opposite effect and reduce the capacity at the end of the day. A balance needs to be recognized and achieved.

With respect to the PKF Options Report, the following is submitted:

1. The Lake of Bays Association agrees with down zoning of resort properties from commercial to residential where they are not viable as long as all normal performance standards are applied. No exceptions should be given due to the fact the building previously had a viable economic life during a different period of time. Planning exceptions should not be given to compensate for land value that does not exist naturally. Densities should not be allocated on the basis of theoretical resort densities that may have applied to the lands under historic land use controls. In other words, if zoning previously would have allowed 50 rooms in a pioneer resort, that should not translate into an as-of right expectation of 50 small frontage lots or large condo units.

2. The Lake of Bays Association does not agree with relaxing the requirement or restrictions on resort development or pursuing a more “permissive” approach. Reducing regulations will not address the issue of occupancy rates and could in fact lead to overbuilding and an overall reduction in occupancy rates. New resort development has proven unsuccessful as an economic development strategy.

3. The Lake of Bays Association does not agree with regulation of private cottage rentals. There is little indication that a cottage rental business is any more economically viable than the construction of major resorts and evidence would suggest that the number of properties developed purely for cottage rental business is negligible in the area. Moreover, minor casual rental by occupant owners would appear to be minimal and also has no economic basis other than perhaps covering taxes or utilities in a year of low personal use. At the end of the day, the local economy benefits by these additional users however limited in numbers. It would appear to be a completely different product and market that would in any event not compete with resorts. The maintenance of any kind of administration or enforcement of cottage rental regulations would be costly and non-productive.

4. The Lake of Bays Association does not support the multi use model for resort development ie. the development of a resort with sale of adjoining condo residential units. This type of development only produces a situation where the commercial resort is in reality a “Trojan Horse” or loss leader for a residential development that proceeds at densities that are not compatible with the preservation of the natural environment of the host lake and that would otherwise not be considered to constitute “good planning” without the “tourism hook”. When and if the commercial component fails, the residual residents (or the municipality and the taxpayer) are left with sustaining private infrastructure unsupported by the original commercial development and also perhaps having to cope with a ghost commercial structure.

Simply, if a commercial resort development cannot be shown to have economic viability without a residential component it should not be approved or be otherwise encouraged.

5. The Lake of Bays Association does not support the development of any residential developments on private communal services that could fall to the taxpayer in the event of bankruptcy.

6. The Lake of Bays Association recommends that the District adopt land use policies that seek to achieve a balance between the overall urban development and growth that is necessary to sustain local residents and workers, and the natural environment that is truly the Golden Goose of the Muskoka economy.