

Discussion Paper 2: Lot Sizes and Housing Affordability

Township of Lake of Bays Official Plan Review



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1 Context

The Township of Lake of Bays has strong policies in the Official Plan to avoid the inefficient use of land in the Rural designation and to ensure that lots located across a road from shoreline (waterfront) lots (defined as - back lots) are large enough to maintain the impression of a natural landscape and avoid a higher density of lots situated in close proximity to a waterbody. At the time the existing Official Plan was developed, it was critical for the public that this natural look, feel and density be maintained. According to Section H.52 of the Official Plan was developed, which requires residential back lots to have a minimum lot area of 4 hectares (10 acres) with a minimum lot frontage of 134 metres (440 feet) along a year-round maintained public road. As part of the 5-year review of the Official Plan, it has been decided that the rationale for the particular lot size requirements for back lots, as well as those in the Rural designation, requires greater clarification and consideration towards requiring smaller lots.

2 Issues

2.1 Rural Sprawl

According to Smart Growth BC, a large minimum rural lot size is an important factor in avoiding the proliferation of low-density rural sprawl.¹ Although rural sprawl is generally thought of to be a problem on the fringes of larger urban centres, rural areas like Lake of Bays are not necessarily safe from the phenomenon. The large lot size in the existing Official Plan is intended to avoid situations of rural sprawl and to preserve the natural landscape that provides Lake of Bays with much of its rural character.

2.2 Housing Affordability

As identified in the Background Report, affordability of housing is a significant concern for residents in the Township. Properties adjacent to a waterbody in Lake of Bays can be too expensive for many residents. It has been suggested that requiring a smaller lot size for backlots and lots in the rural designation may provide cheaper land and encourage people with larger lot frontages and area to sever.

In order to provide an opportunity for new and existing residents in the working-age demographic to be able to afford to own property in the Township, several recommendations were made in the Background Report that was developed as part of the review of the Official Plan. These include the recommendation of policies that state that the Township will work toward any future affordable housing target established by the District of Muskoka. In addition, strategies for increasing the supply of affordable housing include permitting second units and expanding the range of housing options in the Rural and Community designations.

2.3 Factors in Real Estate Values

The most significant factor in determining the value of land is the strength of the housing market. There are some who believe that limiting residential development options by restricting the development of smaller lots would lead to increased real estate values. However, a comprehensive study of rural growth management and housing

¹ Smart Growth BC, Urban and Rural Containment Boundaries Position Statement (Vancouver: Smart Growth BC, November 2008). Retrieved July 14, 2014 from http://www.smartgrowth.bc.ca/Portals/0/Downloads/SGBC_UCB_positionstatementFinal.pdf

affordability undertaken by the Brookings Institute finds that supply is only one of many factors in determining the value of real estate:

“The common assumption is that by limiting the supply of developable land, all growth management policies reduce the supply of housing. Basic economic theory suggests that if housing supply is low relative to demand, then the price will be high, reducing its affordability. While this reasoning may seem logical, it is far too simplistic. Housing prices are determined by a host of interacting factors, such as the price of land, the supply and types of housing, the demand for housing and the amount of residential choice and mobility in the area.”²

Specifically, the Brookings Institute paper found that market demand attributed from increased employment and rising incomes in the regional area, not land constraints, was the primary determinant of housing price. The study found that growth management policies actually help improve the supply and location of affordable housing when they include policies that increase housing densities, and mandate a mix of housing types. We note that the proposed Official Plan policies do promote increased densities where appropriate (i.e., in the Community designation), and encourage a mix of housing types.

The Brookings study shows that the regional market demand is by far the most significant determinant of housing prices.

The following is a summary of vacant land according to Municipal Property Assessment Corporation (MPAC) records

Table 1. Existing vacant Backlots

Number	Potentially Developable (Based on numerical basis only – NOT constraints, etc.
9	7

Table 2. Existing Vacant Lots Not on Water

Number	Property in Private Ownership (not reviewed for development potential
1353	Approximately 50%

² Nelson, A.C., Pendall, R., Dawkins, C.J., and G.J. Knapp. 2002. The link between growth management and housing affordability: the academic evidence. A Discussion Paper Prepared for the Brookings Institution Centre on Urban and Metropolitan Policy. www.brookings.edu/es/urban/publications/growthmang.pdf

3 Local Real Estate Research

While no academic studies of housing trends in Muskoka with respect to rural lots are known to have occurred, we have undertaken a review of current real estate listings in Lake of Bays, as well as the nearby municipalities of the Town of Huntsville and the Township of Muskoka Lakes. Table 1 shows a summary of the findings of the prices for lots from 0-4 hectares (0-10 acres). Table 2 shows a summary of the findings for prices of lots over 4 hectares (10 acres). The research was undertaken based on a review of properties for sale as of July 15, 2014.

Table 1: Price of Lots Between 0 and 4 hectares (0-10 acres)

Lot Size (Approx)	Location	Price	Township	Other	
0.16 ha (0.4 ac)	27 Silver Street	\$ 38,900.00	Huntsville	Rural Lot	0 to 10 acres
0.4 ha (0.99 ac)	3292 South Portage Rd	\$ 99,900.00	Huntsville	Backlot	
0.4 ha (0.99 ac)	Etwell Rd	\$ 27,900.00	Huntsville	Rural Lot	
0.46 ha (1.14 ac)	962 South Waseosa Lake Rd	\$ 39,900.00	Huntsville	Rural Lot	
0.5 ha (1.35 ac)	80 Groeger Road	\$ 29,900.00	Huntsville	Possibly unbuildable	
0.54 ha (1.3 ac)	East Walker Lake Dr	\$ 46,000.00	Lake of Bays	Backlot	
0.6 ha (1.59 ac)	Burlmarie Road	\$ 36,900.00	Lake of Bays	Backlot	
0.8 ha (1.99 ac)	172 Mineral Springs Rd	\$ 36,980.00	Huntsville	Rural Lot	
0.9 ha (2.23 ac)	19 Hawk Ridge Ct	\$ 249,000.00	Huntsville	Rural lot - Estate with lake view	
0.9 ha (2.3 ac)	747 Williamsport Rd	\$ 59,000.00	Huntsville	Rural Lot	
0.92 ha (2.29 ac)	1041 Walkers Glenn Cres	\$ 49,900.00	Lake of Bays	Rural Lot	
0.93 ha (2.3 ac)	151 Deerfoot Trail (Woodlar	\$ 125,000.00	Huntsville	Rural Lot - Estate	
0.93 ha (2.3 ac)	27 Royal Oak Cres	\$ 309,000.00	Huntsville	Rural Lot - Estate (lake view)	
0.95 (2.37 ac)	1150 Walkers Glenn Cres	\$ 49,900.00	Lake of Bays	Rural Lot	
0.99 ha (2.47 ac)	191 Concession 4& 5 Rd	\$ 35,900.00	Huntsville	Rural Lot - Estate	
1 ha (2.5 ac)	753 Williamsport Rd	\$ 56,000.00	Huntsville	Rural Lot	
1.1 ha (2.72 ac)	12 Royal Oak Cres	\$ 189,900.00	Huntsville	Rural Lot - Estate	
1.1 ha (2.72 ac)	Granite Drive	\$ 59,900.00	Huntsville	Rural Lot	
1.17 ha (2.9 ac)	Deerfoot Trail (Woodland H	\$ 149,900.00	Huntsville	Rural Lot - Estate	
1.18 ha (2.94 ac)	620 E Waseosa Lake Rd	\$ 54,900.00	Huntsville	Rural Lot	
1.19 ha (2.95 ac)	Granite Drive	\$ 44,000.00	Huntsville	Rural Lot	
1.21 ha (3 ac)	East Walker Lake Dr	\$ 67,900.00	Lake of Bays	Backlot	
1.27 ha (3.16 ac)	525 West Browns Rd	\$ 59,900.00	Huntsville	Rural Lot	
1.4 ha (3.55 ac)	Lindgren Rd E	\$ 59,900.00	Huntsville	Rural Lot	
1.5 ha (3.73 ac)	1009-1011 Limberlost Road	\$ 69,000.00	Lake of Bays	Rural Lot	
1.9 ha (4.9 ac)	Etwell Rd	\$ 49,900.00	Huntsville	Rural Lot	
2.1 ha (5.19 ac)	413 South Waseosa Lake Rd	\$ 57,400.00	Huntsville	Rural Lot	
2.57 ha (6.36 ac)	2795 Ravenscliff Rd	\$ 47,900.00	Huntsville	Rural Lot	
3.96 ha (9.79 ac)	341/344 North Fox Lake Rd	\$ 29,900.00	Huntsville	Rural Lot	
	AVERAGE	\$ 74,349.33			

Table 2: Prices of Lots Above 4 hectares (10 acres)

Lot Size (Approx)	Location	Price	Township	Other	
4 ha (10 ac)	Ravenscliffe Rd	\$ 54,900.00	Huntsville	Rural Lot	Above 10 acres
4 ha (10 ac)	145 Grassmere Resort Rd	\$ 69,900.00	Huntsville	Backlot	
4 ha (10 ac)	Ravenscliffe Rd	\$ 59,900.00	Huntsville	Rural Lot	
4 ha (10 ac)	Ravenscliffe Rd	\$ 59,900.00	Huntsville	Rural Lot	
4 ha (10 ac)	Yearley Road	\$ 40,000.00	Huntsville	Rural Lot	
4 ha (10 ac)	Ravenscliffe Rd	\$ 59,900.00	Huntsville	Rural Lot - Water view	
4.45 ha (11 ac)	Paint Lake Rd (Lot 5)	\$ 64,900.00	Lake of Bays	Rural Lot	
4.45 ha (11 ac)	Paint Lake Rd (Lot 6)	\$ 79,900.00	Lake of Bays	Rural Lot	
5 ha (12 ac)	Maws Hill Road	\$ 64,900.00	Huntsville	Rural Lot	
5.1 ha (12.6 ac)	110 Maws Hill Road	\$ 69,900.00	Huntsville	Rural Lot	
5.3 ha (13 ac)	Aspdin Road	\$ 29,500.00	Huntsville	Rural Lot	
5.6 ha (13.8 ac)	Paint Lake Rd (Lot 4)	\$ 69,900.00	Lake of Bays	Rural Lot	
6 ha (14.8 ac)	395 South Waseosa Lake Rd	\$ 59,900.00	Huntsville	Rural Lot	
6.4 ha (16 ac)	Yearley Road	\$ 49,900.00	Huntsville	Rural Lot	
6.4 ha (16 ac)	Yearley Road	\$ 49,900.00	Huntsville	Rural Lot	
6.4 ha (16 ac)	Paint Lake Rd (Lot 2)	\$ 74,900.00	Lake of Bays	Rural Lot	
7.4 ha (18 ac)	61 Old Ferguson Road	\$ 91,900.00	Huntsville	Rural Lot	
7.6 ha (19 ac)	Paint Lake Rd (lot 3)	\$ 64,900.00	Lake of Bays	Rural Lot	
8.4 ha (21 ac)	Paint Lake Rd (Lot 1)	\$ 64,900.00	Lake of Bays	Rural Lot	
9.5 ha (23 ac)	1777 Yearley Rd	\$ 56,000.00	Huntsville	Rural Lot	
10 ha (25 ac)	Hwy 35	\$ 93,000.00	Lake of Bays	Rural Lot	
10.1 ha (25 ac)	Bear Cave Road (Rosseau)	\$ 54,900.00	Muskoka Lakes	Rural Lot	
10.1 ha (25 ac)	Pt Lot 29, Con 4	\$ 28,000.00	Lake of Bays	No Access	
14 ha (34.5 ac)	Aspdin Road	\$ 119,000.00	Huntsville	Rural Lot - Severance Potential	
16.4 ha (40.5 ac)	Hekkla Road (Rosseau)	\$ 84,900.00	Muskoka Lakes	Rural Lot	
16.5 ha 40.7 ac)	1642 Brunel Road	\$ 109,900.00	Huntsville	Rural Lot (contains small lake)	
16.5 ha 40.7 ac)	Hekkla Road (Rosseau)	\$ 84,900.00	Muskoka Lakes	Rural Lot	
17.3 ha (42.7 ac)	Limberlost Road	\$ 89,900.00	Lake of Bays	Rural Lot	
18.2 ha (44.9 ac)	614 Britannia Rd	\$ 125,000.00	Huntsville	Rural Lot	
	AVERAGE	\$ 67,510.00			

Given the lack of lots for sale in Lake of Bays itself, it was decided to look at the Town of Huntsville and the Township of Muskoka Lakes which are close by. It was decided that each sample should have 30 properties in order to capture a variety of different types of parcels with varying characteristics. Table 1 and Table 2 demonstrate that the larger lots are generally comparable in price to the smaller vacant parcels due to a variety of factors such as location (i.e., proximity to water or to urban centres) or services (well-maintained public roads). Although it may seem surprising that larger lots are shown to be on average cheaper (average \$67,510) than the smaller lots (average \$74,349.33), this appears to be due to instances of a significant supply of vacant lots in estate residential subdivisions on lots that are smaller than 4 hectares and which are overlooking water, although none of the lots above actually front on water. While it appears true that the smallest of the lots on Table 1 appear to be for the most part the least expensive (between \$27,900 and \$39,900) (and the three largest lots are priced \$84,899 and up), it is also true that the overall pattern is one of no pattern at all in terms of lot sizes. Despite the small lot sizes, some lots in Table 1 vary widely in terms of real estate value. The most expensive lots above are in estate residential subdivisions overlooking but not fronting on water (i.e., on the south shore of Peninsula Lake in the Town of Huntsville), while other expensive lots are those that are located on well-travelled public roads close to Huntsville. The cheapest lots, even the large ones, tend to be ones that are located far from urban services and also far from water.

It is clear that the most significant factor in determining the price for a rural lot are the amenities on the lot, rather than the size of the lot itself. Lots that are located close to water access or which have views of water tend to have higher values than those that do not. Also, more remote lots that are further from water tend to be less expensive than those located closer to urban centres such as Huntsville.

4 Policy Options

4.1 Status Quo

The status quo is the preferred option given that the size of rural lots appears to have little correlation with real estate value compared with other factors such as regional market demand and proximity to both urban and rural amenities. The existing lot sizes for back lots are the result of requests from residents at the time the Official Plan was developed and we are not aware of significant demands to change the status quo coming from the community.

4.2 Reduce lot area slightly

Reducing the lot area slightly from 4 hectares to 3 hectares or 2 hectares would certainly create some new development options for certain rural properties. However, the large lot areas on back lots are a significant contributing factor to maintaining a natural look and feel of lands to the rear of shoreline properties. Furthermore, we are not satisfied that there are significant benefits to undertaking this option given the prevalence of rural properties available in the Township as described in Table 2 and given the low population growth rates on rural lands. Therefore this is not the preferred option.

4.3 Reduce lot frontage

Reducing the lot frontage requirements while keeping the minimum lot area requirements is another option. However, this would result in long rectangular shaped parcels of land while still permitting an increase in population density per metre of frontage along roadways. Furthermore, there is an added difficulty that reducing lot frontage requirements not conform with requirements of the District Municipality of Muskoka along District Roads. For these reasons this is not the preferred option.

4.4 Reduce lot area significantly

Significantly reducing the rural lot area requirement (i.e., to one hectare) would create new demands for new residential development on back lots. This will result in new pressures on lake environments from the added density of new sewage disposal systems within 300 metres of shorelines. In addition, the heavily forested and wild landscapes that visitors and residents treasure could be replaced with lower density rural residential development on back lots which would take away from the character of shoreline areas. This could lead to rural sprawl which is what against the intent of having large lot sizes in the current Official Plan. Therefore this is not the preferred option.

5 Conclusion and Recommendation

In conclusion, the size of rural non-waterfront lots has little bearing on the real-estate cost of a particular property. Therefore we do not suggest any change from the status quo as it relates to the sizes of back lots.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Dave Welwood". The signature is written in a cursive, flowing style.

David Welwood, MCIP, RPP