

January 2018

TO: Chair and Members of the District of Muskoka Council
FROM: Friends of Muskoka
SUBJECT: Submission on the Draft District Official Plan
Brief of Experts

Friends of Muskoka have grave concerns with the draft District Plan policies relating to the environment, lake health and resort properties throughout Muskoka, including Minett. We have retained four experts to provide advice. These experts have raised serious and credible issues. Their comments are contained in the attached Brief. At the November 23, 2017 meeting of the Planning and Economic Development Committee, we offered to make the expert authors of the Brief available to provide feedback and advice to District staff and the District's consulting team. **We reiterate that offer here and request that a meeting be set up to further discuss our concerns before the next draft is prepared.**

A. Background

The November 23, 2017 Statutory Public Meeting before the Planning and Economic Development Committee was attended by over 300 citizens. You heard 48 submissions setting out concerns regarding the proposed resort policies, the environmental policies and the lake health policies.

B. Important Commitment from the Committee Members and Staff

We were gratified to hear the Chair and the Commissioner of Planning and Economic Development make the commitment that the resort policies would be revisited before the next draft of the District Plan is released.

The Staff Report dated November 23rd, 2017 summarized the community response to those policies as follows:

“Since the presentation of the second draft of the MOP at the October PED Committee meeting, **significant public opposition has been expressed respecting the proposed resort development and redevelopment policies**. In particular, the potential inclusion of a mix of resort commercial and resort-related residential units on properties that are zoned and designated as resorts is causing concern from a variety of perspectives (e.g. environmental, economic, social, character, etc.). The proposed policy set stems from recommendations from the Muskoka Resort and Tourism Official Plan Policy Review (PKF, 2013) on how the MOP could be supportive of the resort industry given the important direct and indirect economic impacts of that sector in Muskoka. However, in light of the concerns raised by the public and in the absence of any supportive comments from the resort industry, these policies should be revisited before the next draft of the MOP is released.” (emphasis added)

Ten members of Friends of Muskoka spoke at the meeting as did our solicitor. We provided a Brief of Experts which included comments on the draft District Plan prepared by:

- a land use planner,
- a natural heritage expert,
- a water quality expert and
- an expert in lake modelling.

All raised concerns regarding the draft District Plan. As noted above, a copy of our Brief is attached.

C. The Submissions of the Friends of Muskoka

That tourism is important is understood.

That the foundation of tourism is the unique character of Muskoka with its pristine lakes and astonishing natural beauty is accepted.

If these attributes are diminished, tourism will also diminish.

There is little evidence that the policies will support resort tourism and there is plenty of evidence that the policies will cause environmental harm and lead to inefficient development and land use patterns which do not sustain the financial well-being of the Province and municipalities over the long term.

a) The Resort Policies Fail to Support Tourism

The District has acknowledged that the D.6 resort policy “stems from the recommendations from the Muskoka Resort and Tourism Official Plan Policy Review (PKF, 2013).”

Elizabeth Howson provides commentary on the PKF report:

The “focus and the directions which flow from the report do not align with the description of the accommodations industry and resort development in Muskoka in the report. These findings and directions are presented against a backdrop of an accommodations industry which is “cyclical and vulnerable to economic and travel fluctuations”¹ - where there are a number of factors which make the future precarious including:

‘The difficulty in obtaining funding in today’s investment environment, combined with extremely low profit levels at resorts in Ontario, indicates that existing assets will have difficulty in generating the necessary capital required for upgrades. Furthermore, new developments based on traditional debt/equity financing off cashflow cannot currently be supported.....As such, development models that generate alternative sources of funds through the sale of units are required for new development.’²

¹ PKF Consulting Inc., page 9.

² PKF Consulting Inc., *ibid.*, page 9.

“Further, the number of resorts in Muskoka is not growing but declining³ and there are limited commercial waterfront properties available for development.⁴

“The direction to prop up a vulnerable sector of the tourism industry, many components of which are located outside of settlement areas, with what is essentially residential development does not, in my opinion, reflect the policies in the Provincial Policy Statement, 2014 (PPS) which direct residential development to settlement areas. Further the focus on economic development does not reflect an appropriate balance with the need to give consideration to environmental or other planning considerations as directed by the PPS”.

(Memorandum of Elizabeth Howson, November 21, 2017).

Ms. Howson expresses concern that the policies focus too greatly on economic development without appropriate regard for other planning considerations. This view is echoed by Mr. Peter E Gilgan, Founder and CEO of Mattamy Homes in his letter to you dated November 21, 2017: “It is our respectful submission that the issues being raised here has little to do with good public policy and more to do with an alternative business model needed to generate both cash flow and the desire to spread the risk of the development across all purchasers.”

The PKF Report tells us that “the development profit generated via the sale of units (whether freehold residential homes of fractional/condo title/timeshare units), is what provides the equity required to support the overall resort development cost and in some cases operation”.

What this means is that the money from sale of the land to developers could be spent on “saving” the resort.

³ PKF Consulting Inc. “As of year-end 2011 there were an estimated 87 resorts...operating in the District...This represents an 84% decline in resort establishments over the 50+ year period.”, page 10.

⁴ PKF Consulting Inc., *ibid.*, page 8.

There is absolutely no evidence whatsoever that the developer profits will be invested in the resort or even in Muskoka.

Ms. Howson concludes:

“It appears that the current proposed policy approach for resorts is not consistent with the current economics of resort development or with the PPS. It also does not fully implement the Guiding Principles proposed for the Official Plan, in particular that ‘growth and settlement patterns in all land use designations will be sustainable by making efficient use of land, energy and infrastructure, minimizing waste and providing for climate change mitigation, adaptation and resiliency’ (Section A2 c).”

b) Environmental Concerns

One of our main concerns is the long term sustainable evolution of Muskoka, which at its heart must start from a position of protecting our natural environment and the health of our lakes. We are very concerned that we are heading in a direction with the draft District Plan that could have irreversible negative consequences in this regard.

The draft District Plan is saying one thing, but proposing to do something very different.

One of its guiding principles is that “the natural environment, especially water, is Muskoka’s key asset and it will be protected for the values it provides including support for diverse ecosystems and a vibrant economy” (pt 2, s. A2, Guiding Principles)

Policy Direction B demonstrates our District’s commitment to achieving long term sustainability in Muskoka:

“A clean and healthy environment and a strong economy are inextricably linked in Muskoka. The environment is made up of more than 6000 lakes with a vast rural area made up of large forested areas. These elements combine

to create the sense of place that is unique to Muskoka and is known around the world. On the economic side, Muskoka is a premier destination for vacationers that generates millions of dollars annually and it is one of the choice locations in Ontario for permanent and seasonal residents that are attracted to the natural environment. With this in mind, the MOP shall establish as a first principle, that development activity be undertaken in a manner that conserves and enhances the features, functions, and interconnections of the natural environment that sustains what is Muskoka for future generations". (*Pt2, s. A3, Policy Direction B*)

Mirek Sharp, our natural heritage expert notes that "Collectively, these high-level guidance directions at the beginning of the MOP provide a foundation for providing strong operational policies that will place a priority on the protection of the natural features that characterize Muskoka, make it unique, and on which its long term economic well-being depends. However, . . . the operational policies do not reflect this emphasis and leaves doubt as to when the Vision and Guiding Principles are being met." (*Letter of Mirek Sharp, November 22, 2017*)

In other words, the stated objective is there, but the proposed policies do not reflect those statements.

"Given the importance of maintaining viable populations of species essential to the District's biological diversity, and given the uncertainty of predicting the impacts of extensive development on the species that help define the District's character, it would be more appropriate to adopt the Precautionary Principle".

(Letter of Mirek Sharp, November 22, 2017)

Mr. Sharp notes a number of areas where the environmental policies of the draft District Plan could be strengthened.

With respect to water quality, Dr. Dewey notes that "The Lakecap model predictions were found to be unreliable with respect to [Total Phosphorus] TP levels. An error of 40% in 81 of the 206 lakes that were monitored

indicates the model has some serious shortcomings. (*Memorandum of Ray Dewey, PhD, November 21, 2017*)

The District's own modeller concludes: "After extensive testing and analysis of the revised model we once again concluded that the modelled estimates of phosphorus concentrations in lakes were not reliable enough to set and defend specific lakeshore capacities as numbers of cottage or residential lots, as intended by the MOECC."

Dr. Dewey advises caution in waterfront development particularly given there may be delays of up to decades between the addition of phosphorus sources to a watershed (i.e., septic systems) and its movement from the source to our lakes and rivers.

Dr. Nurnberg, a recognized water quality expert, advises that at least four Muskoka lakes have confirmed toxic cyanobacterial blooms. She concludes that the proposed water quality monitoring policy must be strengthened, particularly because of climate change concerns:

"While the past [District of Muskoka] DMM monitoring program may have been sufficient as a routine monitoring effort to collect baseline data, its recommended use to inform regulations and decisions about the vulnerability of individual lakes increases the importance for comprehensive and sufficient monitoring data. Especially in view of limnological changes in lakes due to climatic change, the current monitoring program lacks comprehensiveness and rigour."

(Memorandum of Dr. G. Nurnberg, November 22, 20017)

It appears that the data collected to date does not give us a real picture of lake health. Further, the model does not give us an accurate measure of impacts. While there will certainly be negative environmental impacts

stemming from the resort policies, the magnitude of these impacts in the long term is unknown, particularly in the face of climate change.

We echo the conclusion of the natural heritage expert retained by the Friends of Muskoka:

“It is critical to understand that in many cases the valued natural features that comprise the Muskoka environment cannot be replaced or restored once they are degraded. Some habitats may be re-created, and it is possible to restore the quality of lakes, but only at great expense, and only if the root cause of the degradation is removed. If that root cause is over-development, then it will be virtually impossible to reverse. A much sounder approach is to protect Muskoka’s valued natural resources from the outset.”

c) The Policies Promote Unsustainable Growth

The resort policies permit intensification of every one of the dozens of resorts in the District. The policy effectively supports the conversion of resort units to residential units at commercial densities. The PKF Report highlights challenges facing the resort industry and at the same time, the predicted population growth set out in the Watson Strategy⁵ has failed to materialize. Allowing these units to proliferate in this setting represents a perfect storm of circumstances leading to inefficient development and land use patterns which cannot sustain the financial well-being of the Province and municipalities over the long term. Development will be scattered throughout the District in a fashion which will increase costs of hard and

⁵ *The District Municipality of Muskoka, Growth Strategy, 2013 Phase 2 Update, Watson and Associates Economists Ltd, January 2014 and prior versions of the Strategy.*

soft services and thwart economic investment in infrastructure. The actual rate of population growth is such that the resort policies in the draft District Plan, including the policies regarding Minett, potentially create a massive over supply of units which may take years and years to be absorbed.

D. Conclusion

Policy Direction B identifies the undeniable connection between a clean and healthy environment and a key economic foundation of Muskoka.

“A clean and healthy environment and a strong economy are inextricably linked in Muskoka. The environment is made up of more than 6000 lakes with a vast rural area made up of large forested areas. These elements combine to create the sense of place that is unique to Muskoka and is known around the world. On the economic side, Muskoka is a premier destination for vacationers that generates millions of dollars annually and it is one of the choice locations in Ontario for permanent and seasonal residents that are attracted to the natural environment. With this in mind, the MOP shall establish as a first principle, that development activity be undertaken in a manner that conserves and enhances the features, functions, and interconnections of the natural environment that sustains what is Muskoka for future generations”. (Pt2, s. A3, Policy Direction B)

This critical Vision statement has not been carried through to the policies relating the environment, lake health and resort properties (including Minett).

As a result significant concerns have been raised by the experts retained by Friends of Muskoka. The proposed policies permit inefficient and unsustainable growth and when combined with vague environmental policies and a weak commitment to rigorous water quality monitoring, fail to support the objectives of the District Plan and are inconsistent with the PPS.

Friends of Muskoka look forward to working with the District to address these concerns.