



Ratepayer Affordability

One of a Series of White Papers

on the

Financial Sustainability of Local Governments in Eastern Ontario

Produced by

The Eastern Ontario Wardens Caucus

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1. Executive Summary

This White Paper examines the economic circumstances of residents of Rural Eastern Ontario and is intended as a companion report to two other White Papers on municipal operating costs and revenues, and municipal infrastructure, produced by the Eastern Ontario Wardens' Caucus in 2013. By considering "ratepayer affordability", the EOWC is seeking a better understanding of the degree to which ratepayers can afford to pay higher taxes – especially annual tax increases that go beyond the annual increases in their incomes.

Since many of the costs of local government are determined by policy decisions and agreements made by the Province of Ontario, this White Paper compares Rural Eastern Ontario to the provincial average on more than a dozen variables that make up the economic profile of a typical ratepayer in Rural Eastern Ontario. And because major urban centres such as Ottawa and Toronto must manage in a similar economic environment, this White Paper compares Rural Eastern Ontario to those two cities to see how similar ratepayers' economic circumstances are to Rural Eastern Ontario.

What emerges from these regional and comparative analyses is a profile of Rural Eastern Ontario ratepayers that is very different from major urban centres at the region's periphery, as well as different from the province as a whole. On virtually every variable, ratepayers' in Rural Eastern Ontario are less well off, meaning they have fewer resources to draw up to pay for their own living costs, meet the expenses of educating their families or themselves, getting back and forth to work – often in another municipality, paying for vital municipal services or supporting investment in municipal infrastructure. It is also clear that these patterns, in relation to Ontario as a whole, have persisted through the recession.



A Typical Resident of Rural Eastern Ontario:

- Average personal earnings: \$38,317; ~ \$4,000/year (\$330/month) less than provincial average
- Larger share of earners in lower earnings brackets: \$28,241 (median); ~\$2,200 lower than provincial median earnings
- One in five (~18%) is a senior citizen
- Lower share of income coming from employment earnings: ~67%; nearly 10% less than provincial average (75%)
- More dependent on government transfers: 15.4% of income; higher than provincial average (12.3%)
- Core labour force (25-64 years) is 55% of total population; equal to provincial average
- Lower share of workforce age population with college or university education: ~47%; ~10% less than provincial average (57%)
- Higher share of workforce age population with trades certificate/diploma: ~11.0%; twice as high as Ottawa (5.5%) or Toronto (5.2%)
- Lower shelter costs by \$330/month for owned homes, but longer more expensive commutes (~\$325/month higher cost for transportation)



A Typical Household in Rural Eastern Ontario:

- Lower average household income: \$75,202; ~\$10,000/year (\$830/month) less than average household income for Ontario
- Larger share of households in lower income brackets: \$62,909/year median income is \$3,000/year lower than Ontario as a whole
- 84% of residents own their homes (much higher than provincial average: 71%)
- Less choice in housing (apartments, condos)
- Nearly 90% of local assessment is residential, meaning households carry most of the municipal service load
- Median value of housing (\$232,925) is \$60,000 lower than provincial average (\$300,862)
- Larger share of homes in need of major repair (8.2%) than Ontario (6.6%)

Recommendations to Address Ratepayer Affordability

Keeping municipal government affordable for local ratepayers will require local governments to change the trajectory of both service delivery costs and the revenues available to pay for these services (see EOWC White Paper on Municipal Affordability). Local governments will also need to become more proactive in supporting the efforts of their own ratepayers to improve the economic circumstances of the region, its households and businesses. This White Paper contains information which will help to guide the forthcoming regional economic development strategy project being undertaken by the EOWC in partnership with other regional stakeholder groups. The following recommendations cover some actions that local governments might take on their own or through the EOWC, as well as those which might be undertaken in partnership with upper levels of government.

Recommendations for EOWC and Constituent Municipalities:

E-1: It is proposed that the EOWC continue to actively support the development of a region-wide economic development strategy with the long-term objective of stimulating growth as well as jobs across the region, which will in turn stimulate growth in the region's property tax base. The ultimate goal is to increase total assessment as well as the proportion of assessment from industrial, commercial and institutional operations. (This same recommendation is found in the *Municipal Affordability White Paper*).

E-2: It is proposed that the EOWC continue to work with the provincial and federal governments to build awareness and utilization of the provincial (permanent) Eastern Ontario Development Fund (EODF) and programs of FedDev across the region. In particular, the EOWC will a) encourage utilization of the EODF Small Community/Pilot funding stream for businesses that fall below the 10-employee minimum threshold, and b) suggest opportunities to FedDev for funding regional initiatives designed to stimulate private sector economic activity across Rural Eastern Ontario.

E-3: It is proposed that the EOWC continue to encourage EORN to investigate and provide leadership to deployment of new, internet-based technologies by small and medium-sized businesses including but not limited to agriculture, forestry, manufacturing and fabrication, construction, information communications technology (ICT), transportation & logistics, health care, education, and tourism. Increased utilization of the regional broadband network for business purposes is expected to expand markets, increase private sector economic activity, create jobs, and ultimately, increase non-residential assessment.

E-4: It is proposed that the EOWC actively support the development of an integrated regional transportation and (non-traditional) transit system in Rural Eastern Ontario to increase access to markets in and outside the region, as well as improving cost-effectiveness of workforce commutes in and out of the region. Enabling the workforce to get back and forth to work in a cost-effective way is expected to increase employment and related earnings.

E-5: It is proposed that the EOWC actively support the development of in-region and distance education and training opportunities to enhance the education and skill levels of the region's population and workforce, thereby enhancing the ability of local residents to find employment and increase earnings.

E-6: It is proposed that the EOWC advocate for reinstatement of the federal Home Renovation Tax Credit – especially for energy efficiency, and the continuation and extension of the provincial Home Renovation Tax Credit for seniors and family members living with them. It is further recommended that these tax credits be focused on low-income owner-occupied households.

E-7: It is proposed that the EOWC actively support the development of a regional youth retention and re-attraction strategy through which to increase the overall size of the labour force in Rural Eastern Ontario and contribute to succession planning for local enterprises.

E-8: It is proposed that the EOWC advocate for additional financial support for affordable housing initiatives that would reduce the need for residents to move to urban areas for these types of accommodations.

Recommendations for the Province of Ontario:

U-1: It is proposed that the Province of Ontario provide Eastern Ontario municipalities that have significant Crown lands or other lands with assessment constraints (e.g. managed forests, farmland, aggregate sites etc.) in their jurisdictions with compensation reflecting these property-based limitations. The compensation could be a Payment-in-Lieu or an annual share of revenues accruing to the Province from these lands (e.g. royalties from stumpage fees). This compensation would be in recognition of the service provided by municipalities in building and maintaining roads and bridges, and providing emergency services for these tax-exempt lands. [This same recommendation is found in the *Municipal Affordability White Paper*]

U-2: It is proposed that the EOWC continue to work cooperatively with provincial and federal authorities to obtain an agreement related to the Algonquin land claim. Once an agreement is in place, it is proposed that the EOWC work collaboratively within the Algonquin Nation to identify and pursue opportunities for economic development benefiting the Algonquins and the region as a whole. [This same recommendation is found in the *Municipal Affordability White Paper*].

U-3: It is proposed that the EOWC encourage and support the Province of Ontario in its continued efforts to contain the growth in program and service delivery costs, including those that are mandated to municipal government (examples: policing costs). It is further proposed that the EOWC encourage the Province to engage municipalities and the EOWC in processes which will affect services mandated to municipal government.

U-4: It is proposed that the EOWC work with AMO and the Province of Ontario to develop a strategy which would allow and encourage local governments to introduce non-tax-based revenue generating measures to make their municipalities more financially sustainable. The first priority could be an examination of ways to leverage existing municipal assets to provide new revenue streams (examples: outstanding POA monies; per-ton charge for aggregates). [This same recommendation is found in the *Municipal Affordability White Paper*].

U-5: It is proposed that the Province of Ontario broaden its [commitment to work with municipalities on renewable energy development](#) to include determination of appropriate property tax rates for all types of renewable energy, not just wind turbine towers. This is an essential companion to the [proposed changes to the Feed-in-Tariff \(FIT Program\)](#) which are intended to engage municipalities and Aboriginal communities in location and siting decisions, and providing new energy-related economic development and revenue opportunities for municipalities and public sector entities. [This same recommendation is found in the *Municipal Affordability White Paper*].

U-6: It is proposed that the EOWC work with AMO and the Province of Ontario to determine if there are alternative, cost-effective ways to deliver services at the local level, and seek opportunities for pilot programs through which these alternatives might be tested on a cost-shared basis in Rural Eastern Ontario. [This same recommendation is found in the *Municipal Affordability White Paper*].

2. Introduction

Following the completion of the landmark analysis of the [overall financial sustainability](#) of local governments in Eastern Ontario in February 2012, the Eastern Ontario Wardens Caucus commissioned several follow-up projects to:

- Examine selected priority areas in greater detail, and
- Update key variables so the work would remain current and could be used with confidence as a support to future EOWC work.

The EOWC identified five priority areas for further attention, each of which is being addressed using a White Paper format:

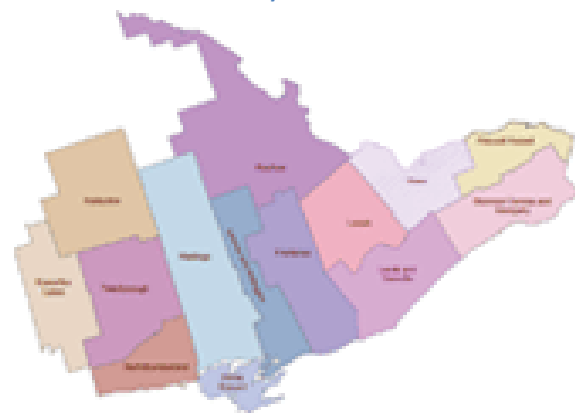
- *Municipal Affordability* – an examination of operating conditions for municipalities
- *Ratepayer Affordability* – an examination of the financial circumstances of local economies and the rural residents who bear most of the cost of service delivery
- *Municipal Infrastructure* – an examination of the conditions influencing the overall state of municipal infrastructure and municipalities' ability to invest in and maintain these assets
- *Social Housing* – an examination of the financial circumstances of upper/single tier municipalities in addressing these community needs, both in terms of local demand for service and the financial implications of associated capital infrastructure requirements
- *Environmental Services* – an examination of the financial circumstances of single/lower tier municipalities in addressing these responsibilities, on both the operating and capital fronts.

The White Papers on Municipal Affordability and Municipal Infrastructure were released in the late summer of 2013 while the Papers on Ratepayer Affordability, Social Housing and Environmental Services will be released in the fall-winter of 2013-2014.

These White Papers has two new features not included in the original financial sustainability analysis. First, the White Papers have added *financial projections* to allow the EOWC and other stakeholders to understand what the financial future holds in the year 2020 if recent trends continue. Second, the White Papers contain *recommendations* for action to address the challenges envisaged as a result of the projections.

Methodology: Most data is from the 2000 and 2006 census, the 2011 National Household Survey, or annual municipal Financial Information Returns (FIRs). In some cases, projections have been made based on simple straight-line extrapolation from the actual experience in three time periods: 2000-2011, 2007-2009 and 2009-2011.

Figure 1 - For the purposes of the White Papers, "Eastern Ontario" was defined as the area bounded by the 13 member governments of the Eastern Ontario Wardens Caucus and the 90 lower tier municipalities within those boundaries. The 10 Separated Cities (and Towns) within or adjacent to those governments, and the City of Ottawa are not included in these analyses.



Notes about Data Sources

Note 1: Assessing changes over time for many of the variables of interest for Rural Eastern Ontario residents is no longer possible due to methodological changes in the way Statistics Canada collects and publishes these data¹. In particular, the change from the traditional census (used up to 2006) to the National Household Survey (NHS, used for the first time in 2011) reflects a change from a comprehensive survey to a sampling approach which affects the comparability of the data from these two sources. Secondly, the change in methodology has resulted in sparse data – and therefore suppressed/unpublished data – from more than 20 of the 103 single, upper and lower tier municipalities in Rural Eastern Ontario. It is not clear what biasing effects there may be from this phenomenon. As a result, this report includes 2006 census and 2011 NHS data separately and compares each to the Ontario average for that same timeframe, rather than examining how a variable may have changed over time. This is particularly disappointing since a key question the EOWC wished to answer was how Rural Eastern Ontario had fared through the recession starting in 2008. The change in methodology limits our ability to address this question.

Note 2: Financial data such as earnings and total income are drawn from the previous tax year. In other words, earnings reported in the 2006 census are based on the 2005 tax year. Similarly, the 2011 National Household Survey reports data based on the 2010 tax year. Other data such as household composition or employment status reflects the current year (e.g. 2006 or 2011). In this report, we will refer only to the census or NHS year. The reader is reminded that in some cases, the data is actually from the preceding year.

¹ When income data from the 2011 National Household Survey was released in September of 2013, Statistics Canada noted that “Low-income estimates from the 2011 National Household Survey (NHS) compared with previous censuses show markedly different trends than those derived from other surveys and administrative data such as the Survey of Labour and Income Dynamics or the T1 Family File. Data to support quality estimates of low-income trends require a stable methodology over time that has similar response patterns. With the new methodology of the NHS, estimates of low income are not comparable with the census-based estimates produced in the past.” Source: <http://www.statcan.gc.ca/daily-quotidien/130911/dq130911a-eng.htm>

3. Rural Eastern Ontario has Lower Average and Median Personal Earnings than Ontario

- **NHS 2011:** As measured by the National Household Survey (2010 tax year), the average pre-tax personal earnings of residents of all counties in Rural Eastern Ontario (**\$38,317**) were, on average, nearly \$4,000/year less than for the Province as a whole (**\$42,264**). This amounts to more than \$330/month. On a county by county basis, the difference in earnings ranged from \$1,100/year to \$11,000/year lower than the Ontario average (*see graph on following page*). The difference in earnings is even more pronounced in comparisons to either Toronto (\$44,517) or Ottawa (\$49,826).

The financial resources from which wage earners pay their municipal property taxes are therefore less in Rural Eastern Ontario than for the province as a whole and less than in major urban centres.

A similar phenomenon is in evidence for median² personal earnings: the regional median for Rural Eastern Ontario is **\$28,241**, which is more than \$2,200 a year lower than for the province as a whole (**\$30,526**) and far lower than Ottawa (\$39,530). Rural Eastern Ontario's median personal earnings are slightly higher than Toronto (**\$27,371**).

This means a larger share of resident earners are paying their property taxes from a smaller paycheque than for wage earners across the province as a whole.

- **Census 2006:** Before the recession, median personal earnings were roughly \$7,000 a year lower in Rural Eastern Ontario (**\$22,683**) than the provincial average (**\$29,335**). The region's median personal earnings were also considerably lower than in Ottawa (**\$34,908**) or Toronto (**\$28,675**).

Note that due to methodological changes between 2006 and 2011, comparisons between those two periods are inappropriate. Only comparisons within the same period are appropriate and even these should be taken as general indications of patterns rather than precise results.

These data suggest that regardless of time period, members of the labour force in Rural Eastern Ontario have lower personal earnings than their counterparts in many other parts of Ontario particularly the City of Ottawa. This pattern appears to have persisted through the recession. These data suggest that the rural labour force still remains challenged to find (or do not qualify for) jobs with associated higher rates of pay. Further, the data suggest that the rural labour force would not have as much *disposable income* with which to pay rent or a mortgage for a home – or property taxes.

² Median earnings represent the point below which the annual earnings of 50% of individuals earning employment income in that community fall. For the purpose of calculating a regional median, a weighted average was calculated based on the number of earners in each county times the relevant median earnings; these county data were added with the total being divided by the total number of earners in the rural region.

Figure 2 - Average Personal Earnings (2011 NHS) - Rural Eastern Ontario compared to Ontario, Ottawa and Toronto

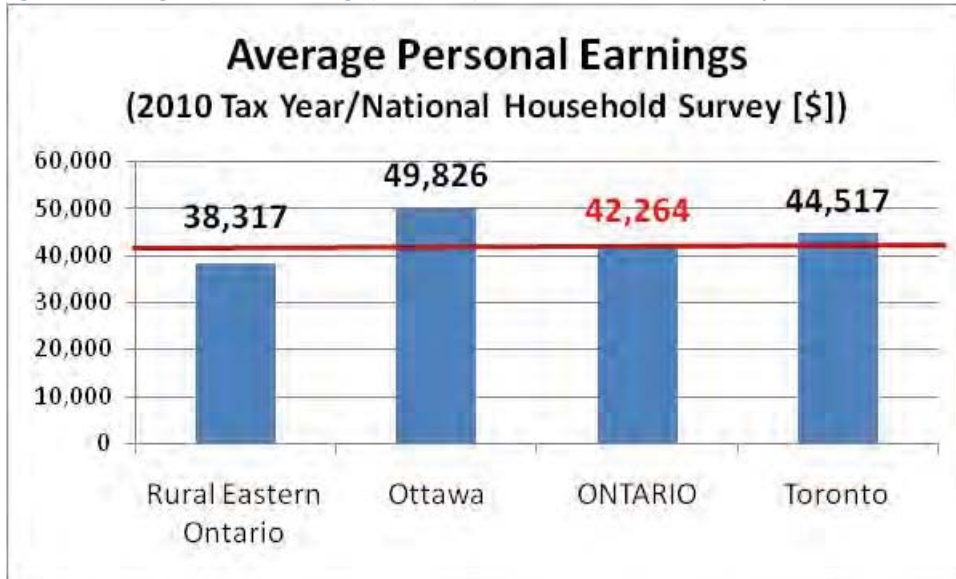


Figure 3 - Average Personal Earnings and Median Personal Earnings for 2010 Tax Year, by County and compared to Ontario, Ottawa and Toronto

Municipality	Average Personal Earnings 2010	Median Personal Earnings 2010
Source: 2011 National Household Survey		
Frontenac	40,647	31,814
Haliburton	35,510	25,688
Hastings	31,329	26,730
Lanark	40,696	31,960
Leeds and Grenville	39,747	30,831
Lennox and Addington	36,125	30,163
Northumberland	38,231	29,813
Peterborough	39,402	28,992
Prescott and Russell	41,018	34,568
Prince Edward	39,945	27,159
Renfrew	37,575	29,814
Stormont, Dundas and Glengarry	38,036	27,911
Kawartha Lakes	36,873	27,903
Average or Total - Rural Eastern Ontario	38,317	28,241
Ottawa	49,826	39,530
ONTARIO	42,264	30,526
Toronto	44,517	27,371

Figure 4 - Median Personal Earnings (2005 Tax Year) – Rural Eastern Ontario compared to Ontario, Ottawa and Toronto

Jurisdiction	Median Personal Earnings Persons 15 Years and Over (2005 Tax Year)
Rural Eastern Ontario	22,683
Ottawa	34,908
ONTARIO	29,335
Toronto	28,675

4. Rural Eastern Ontario Has Lower Average and Median Household Incomes than Ontario

- **NHS 2011:** As measured by the National Household Survey (2010 tax year), the average pre-tax household income in Rural Eastern Ontario (**\$75,202**) was roughly \$10,000 a year lower than for the Province as a whole (**\$85,772**). This amounts to more than \$830/month. The difference in income is even more pronounced in comparison to either Toronto (**\$87,038**) or Ottawa (**\$96,815**). On a county-by-county, basis, the difference in earnings ranged from \$4,000/year lower to \$18,000/year lower than the Ontario average.

On average, the financial resources from which households pay their municipal property taxes are therefore less in Rural Eastern Ontario than for the province as a whole and less than in Ottawa.

A similar phenomenon is in evidence for median household income: the regional³ median⁴ household income for Rural Eastern Ontario is **\$62,909**, which is more than \$3,000 lower than for the province as a whole (**\$66,358**) and far lower than Ottawa (\$79,634). Rural Eastern Ontario's median household income appears to be slightly higher than that of Toronto (**\$58,381**).

This means a larger share of resident earners are paying their property taxes from a smaller household income stream than across the province as a whole.

- **Census 2006:** In the 2006 census, median household incomes (2005 tax year) were roughly \$7,000 a year less in Rural Eastern Ontario than across Ontario as a whole: **\$53,261** compared to **\$60,455**. Median household income in Rural Eastern Ontario is also considerably lower than in Ottawa (\$69,743) but just above that of Toronto (**\$52,833**).

These data suggest that members of the labour force in Rural Eastern Ontario still have lower household incomes than their counterparts in the rest of Ontario, including Ottawa and Toronto. These data suggest that the rural labour force still remains challenged to find (or do not qualify for) jobs with associated higher rates of pay. Further, the data suggest that the rural labour force would not have as much *disposable income* with which to pay rent or a mortgage for a home – or property taxes.

³ For the purpose of calculating a regional median, a weighted average was calculated based on the number of households in each county times the relevant median household income; these county data were added with the total being divided by the total number of households in the rural region.

⁴ Median earnings represent the point below which the annual earnings of 50% of individuals earning employment income in that community fall.

Figure 5 - Average Household Income, Median Household Income for Rural Eastern Ontario, (2010 tax year) by County, compared to Ontario, Ottawa and Toronto

Municipality	Average Household Income 2010	Median Household Income 2010
Source: 2011 National Household Survey		
Frontenac	80,923	67,752
Haliburton	67,564	51,551
Hastings	62,086	50,856
Lanark	80,255	68,535
Leeds and Grenville	79,667	68,705
Lennox and Addington	71,385	62,402
Northumberland	74,998	62,173
Peterborough	78,385	63,211
Prescott and Russell	81,709	71,820
Prince Edward	78,710	58,670
Renfrew	72,196	61,648
Stormont, Dundas and Glengarry	75,862	65,195
Kawartha Lakes	72,694	59,392
Average or Total - Rural Eastern Ontario	75,202	62,909
Ottawa	96,815	79,634
ONTARIO	85,772	66,358
Toronto	87,038	58,381

Figure 6 - Average Household Income (2010 Tax Year) - Rural Eastern Ontario compared to Ontario, Ottawa and Toronto

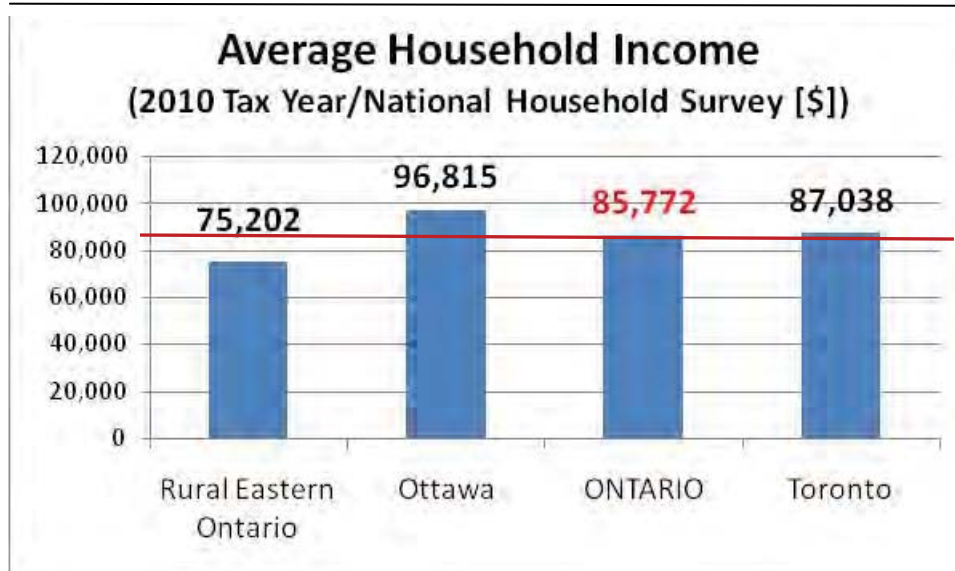


Figure 7 - Median Household Income - 2006 Census (2005 tax year) – Rural Eastern Ontario compared to Ontario, Ottawa and Toronto

Jurisdiction	Median Household Income (2005 Tax Year)
Rural Eastern Ontario	53,261
Ottawa	69,743
ONTARIO	60,455
Toronto	52,833

5. Lower Reliance on Employment Income in Rural Eastern Ontario

- **2011 NHS:** Rural Eastern Ontario drew roughly **67.3%**⁵ of total income from earnings – much lower than Ontario as a whole (**74.8%**). The difference is roughly 7% lower reliance than across the province. In Ottawa, residents drew even more of their income from earnings (**76.2%**). Toronto’s ability to draw income from earnings (**76.1%**) was slightly above the provincial rate. On a county-by-county basis, the percentage of income from earnings varied from a low of 55.4% to a high of 75.3%. Twelve of the 13 EOWC member communities are below the provincial average on this measure.
- At the same time, Rural Eastern Ontario’s reliance on government transfers⁶ (**15.4%**) is higher than for any of the province as a whole (**12.3%**), Ottawa (**8.6%**) or Toronto (**11.5%**). All EOWC members are at or above the provincial average (greater reliance) on this measure.

Figure 8 - Reliance on Earnings and Government Transfers as Source of Income - Rural Eastern Ontario compared to Ontario, Ottawa and Toronto

Municipality/ Source: National Household Survey 2011 (2010 Tax year)	Percentage of Income from Earnings (2010)	Percentage of Income from Government Transfers (2010)
Frontenac	68.6	13.4
Haliburton	55.4	21.1
Hastings	62.2	21.9
Lanark	70.0	13.6
Leeds and Grenville	68.0	14.4
Lennox and Addington	68.3	17.0
Northumberland	64.4	16.5
Peterborough	66.6	15.0
Prescott and Russell	75.3	12.3
Prince Edward	61.6	16.9
Renfrew	68.9	15.6
Stormont, Dundas and Glengarry	60.6	14.8
Kawartha Lakes	64.4	18.1
Rural Eastern Ontario Total	67.3	15.4
Ontario	74.8	12.3
Ottawa	76.2	8.6
Toronto	76.1	11.5

⁵ This is a weighted average of the percentages of income from earnings from each county with weighting by the relative number of persons 15 years and over with income and the percentage of income from earnings

⁶ This form of income includes CPP/QPP, OAS pensions and GIS, Employment Insurance benefits, child benefits and other sources of government income. It does not include investment income or income from retirement pensions, superannuation or annuities.

- **2006 Census:** Based on 2005 tax year data, Rural Eastern Ontario drew roughly **70.1%** of total income from earnings – much lower than Ontario as a whole (**77.4%**). This is 7% lower reliance than across the province. In Ottawa, residents drew even more of their income from earnings (**77.7%**). Toronto’s ability to draw income from earnings was identical to the province as a whole (**77.4%**). On a county-by-county basis, the percentage of income from earnings varied from a low of 58.2% to a high of 77.8%.

This suggests that rural residents were more reliant on other forms of income – government transfers for example – than are their urban counterparts.

- In fact, Rural Eastern Ontario’s reliance on government transfers (**12.8%**) was higher than for any of the province as a whole (**12.3%**), Ottawa (**7.3%**) or Toronto (**9.2%**). Every county in Rural Eastern Ontario was more reliant on government transfers than the province as a whole.

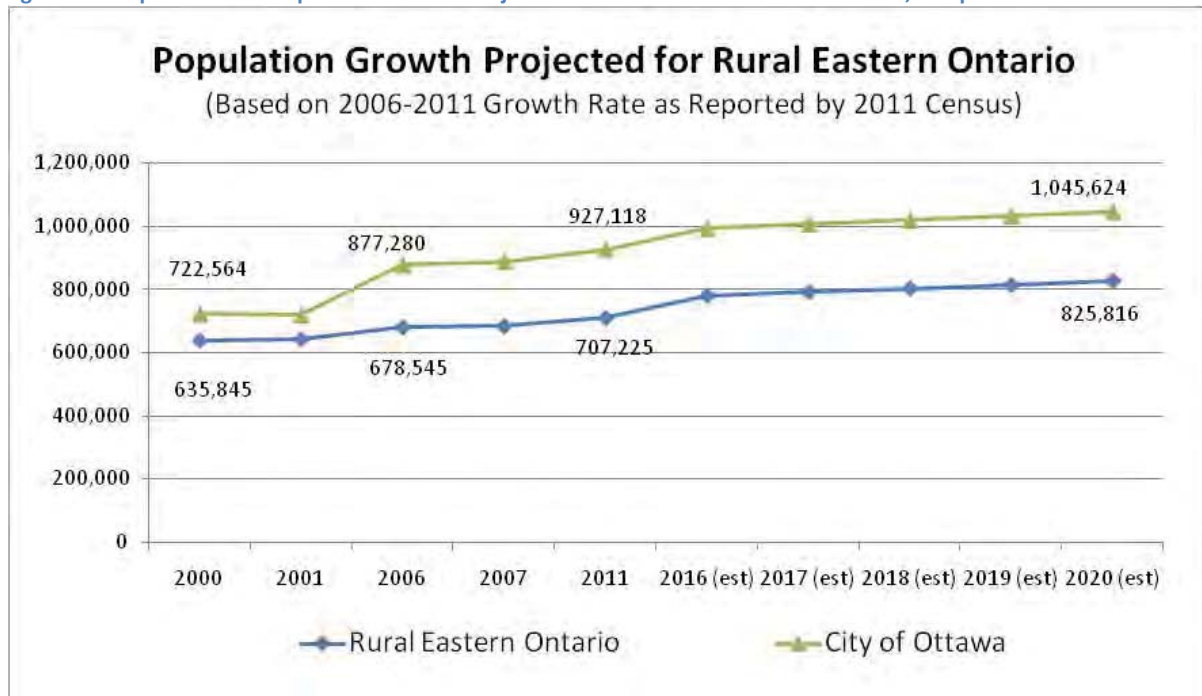
Figure 9 - Reliance on Earnings or Government Transfers as Source of Income - Rural Eastern Ontario compared to Ontario, Ottawa and Toronto (2005 Tax Year)

Municipality	Source: 2006 Census (2005 Tax Year)	Percentage of Income from Earnings (2005)	Percentage of Income from Government Transfers (2005)
Frontenac		71.6	12.4
Haliburton		58.2	19.7
Hastings		64.8	18.2
Lanark		72.1	11.3
Leeds and Grenville		71.7	11.8
Lennox and Addington		72.1	13.4
Northumberland		69.0	13.3
Peterborough		57.5	11.4
Prescott and Russell		77.8	10.7
Prince Edward		64.0	14.3
Renfrew		71.6	13.5
Stormont, Dundas and Glengarry		72.4	12.9
Kawartha Lakes		67.7	14.2
Rural Eastern Ontario Total		70.1	12.8
ONTARIO		77.4	9.8
Ottawa		77.7	7.3
Toronto		77.4	9.2

6. Modest Growth in Population, Households Projected for Rural Eastern Ontario

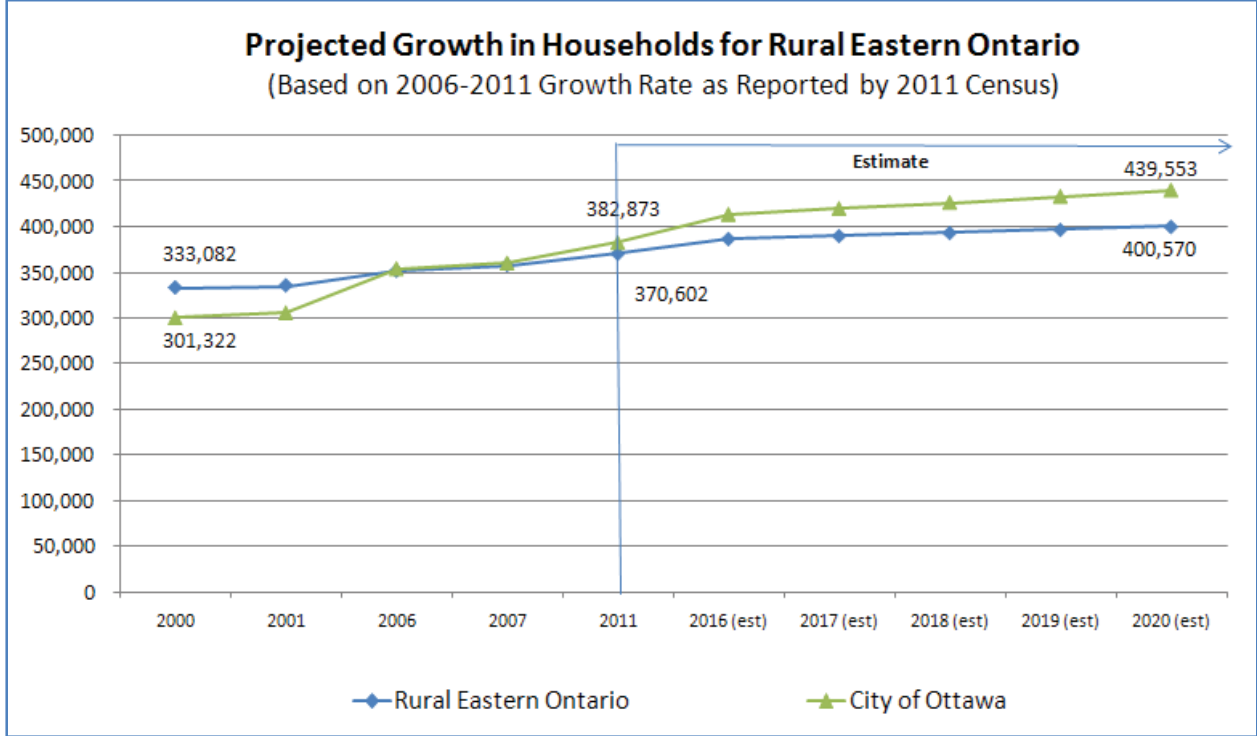
- By 2020, the population of Rural Eastern Ontario is projected to reach 825,816. This is based on the average (census based) 6.3% growth rate across the region between 2006 and 2011. Population growth in the rural region is expected to follow a very similar growth trajectory to that of the City of Ottawa, which appears to have grown by 5.7% during the 2006-2011 period.

Figure 10 - Population and Population Growth Projection for Rural Eastern Ontario to 2020, compared to Ottawa



These projections suggest that Rural Eastern Ontario will continue to see modest increases in population and will not experience pronounced depopulation of its counties as has been observed in some other rural/remote areas. However, depending on the structure of households (e.g. number of persons per household, number of employed persons per household), the financial strain of continued increases in property taxes may remain prevalent. In particular, the proportion of households reliant on fixed incomes rather than employment income is likely to constrain ratepayers' ability to afford property taxes associated with home ownership – especially if the tax base in Rural Eastern Ontario remains dependent on residential property tax assessment.

Figure 11 - Projected Growth in Households in Rural Eastern Ontario, compared to City of Ottawa



Number of Households Growing More Slowly than Population, Increases Property Tax Burden

Note that the growth rate in households in Rural Eastern Ontario from 2006 to 2011 was **4.2%** – roughly two-thirds of the rate of population increase (6.3%) (*See table on following page*). With municipal services funded very heavily from residential property tax assessment, property owners in Rural Eastern Ontario will carry an increasingly large burden for municipal services and infrastructure maintenance. There simply isn't sufficient commercial, industrial or institutional tax assessment to shoulder the increasing costs of service delivery.

Figure 12 - Historical and Projected Population - Rural Eastern Ontario

Municipality (Source: FIR Spreadsheets)	Population (Based on FIRs and 2006, 2011 Census; projections based on census data)														
	2000	2001	2006	2007	2011 census	2016 (est)	2020 (est)	2000	2001	2006	2007	2011 census	2016 (est)	2020 (est)	
Frontenac	21,327	21,918	26,658	26,658	26,658	26,375	26,025	25,745	13,942	14,101	16,147	16,147	17,026	18,185	19,111
Halliburton	34,669	35,101	34,644	34,253	34,253	42,783	56,101	66,755	64,051	65,084	74,561	74,561	73,214	71,561	70,238
Kawartha Lakes	48,502	49,237	55,008	55,008	55,008	56,689	58,854	60,587	61,550	61,675	62,180	62,180	67,958	75,852	82,167
Leeds and Grenville	35,629	35,425	36,786	40,542	40,542	41,824	43,477	44,800	69,505	70,775	70,775	80,960	82,126	83,604	84,787
Lennox and Addington	49,239	49,819	58,182	58,182	58,182	56,235	53,883	52,001	73,631	74,045	76,472	78,964	85,361	94,005	100,920
Northumberland	22,795	22,752	22,795	22,427	22,427	25,258	29,243	32,432	79,055	78,971	74,640	78,463	86,966	98,747	108,171
Peterborough	61,951	61,682	59,971	59,415	59,415	64,824	72,201	78,102	Stormont, Dundas and Glengarry	635,846	640,585	668,819	687,760	726,639	825,816
Prescott and Russell	16,597	16,741	18,115	18,288	18,801	19,470	20,514	20,827	20,949	21,957	21,957	21,957	21,957	22,500	22,500
Prince Edward	21,296	21,477	21,845	23,032	23,547	24,213	25,368	34,528	34,806	36,357	37,285	38,155	39,281	41,194	41,194
Renfrew	23,992	24,137	26,734	26,622	27,616	28,929	30,762	30,634	30,799	32,689	32,689	33,732	35,099	37,123	37,123
Stormont, Dundas and Glengarry	17,499	17,569	18,111	17,981	18,295	18,698	19,496	32,880	33,298	32,395	35,069	37,966	42,052	46,740	46,740
Northumberland	31,585	31,720	34,329	34,285	32,879	31,228	30,715	28,533	28,824	31,660	32,206	34,468	37,602	41,293	41,293
Peterborough	11,585	11,712	12,173	12,611	12,976	13,452	14,186	37,675	37,931	39,131	39,213	39,213	39,213	40,183	40,183
Prince Edward	25,451	25,560	26,956	26,968	27,793	28,872	30,496	333,082	335,523	352,452	358,206	367,398	380,065	400,570	400,570
Stormont, Dundas and Glengarry	16,597	16,741	18,115	18,288	18,801	19,470	20,514	20,827	20,949	21,957	21,957	21,957	21,957	22,500	22,500
Frontenac	21,296	21,477	21,845	23,032	23,547	24,213	25,368	34,528	34,806	36,357	37,285	38,155	39,281	41,194	41,194
Hastings	23,992	24,137	26,734	26,622	27,616	28,929	30,762	30,634	30,799	32,689	32,689	33,732	35,099	37,123	37,123
Kawartha Lakes	17,499	17,569	18,111	17,981	18,295	18,698	19,496	32,880	33,298	32,395	35,069	37,966	42,052	46,740	46,740
Lanark	31,585	31,720	34,329	34,285	32,879	31,228	30,715	28,533	28,824	31,660	32,206	34,468	37,602	41,293	41,293
Leeds and Grenville	11,585	11,712	12,173	12,611	12,976	13,452	14,186	37,675	37,931	39,131	39,213	39,213	39,213	40,183	40,183
Lennox and Addington	25,451	25,560	26,956	26,968	27,793	28,872	30,496	333,082	335,523	352,452	358,206	367,398	380,065	400,570	400,570
Northumberland	16,597	16,741	18,115	18,288	18,801	19,470	20,514	20,827	20,949	21,957	21,957	21,957	21,957	22,500	22,500
Peterborough	21,296	21,477	21,845	23,032	23,547	24,213	25,368	34,528	34,806	36,357	37,285	38,155	39,281	41,194	41,194
Prescott and Russell	23,992	24,137	26,734	26,622	27,616	28,929	30,762	30,634	30,799	32,689	32,689	33,732	35,099	37,123	37,123
Prince Edward	17,499	17,569	18,111	17,981	18,295	18,698	19,496	32,880	33,298	32,395	35,069	37,966	42,052	46,740	46,740
Renfrew	31,585	31,720	34,329	34,285	32,879	31,228	30,715	28,533	28,824	31,660	32,206	34,468	37,602	41,293	41,293
Stormont, Dundas and Glengarry	11,585	11,712	12,173	12,611	12,976	13,452	14,186	37,675	37,931	39,131	39,213	39,213	39,213	40,183	40,183
Total - Rural Eastern Ontario	25,451	25,560	26,956	26,968	27,793	28,872	30,496	333,082	335,523	352,452	358,206	367,398	380,065	400,570	400,570

Figure 13 - Historical and Projected Population - Rural Eastern Ontario

Municipality (Source: FIR Spreadsheets)	Households (Based on FIRs and 2006, 2011 Census; projections based on census data)														
	2000	2001	2006	2007	2011	2016 (est)	2020 (est)	2000	2001	2006	2007	2011	2016 (est)	2020 (est)	
Frontenac	16,597	16,741	18,115	18,288	18,801	19,470	20,514	20,827	20,949	21,957	21,957	21,957	21,957	22,500	22,500
Halliburton	21,296	21,477	21,845	23,032	23,547	24,213	25,368	34,528	34,806	36,357	37,285	38,155	39,281	41,194	41,194
Kawartha Lakes	23,992	24,137	26,734	26,622	27,616	28,929	30,762	30,634	30,799	32,689	32,689	33,732	35,099	37,123	37,123
Lanark	17,499	17,569	18,111	17,981	18,295	18,698	19,496	32,880	33,298	32,395	35,069	37,966	42,052	46,740	46,740
Leeds and Grenville	31,585	31,720	34,329	34,285	32,879	31,228	30,715	28,533	28,824	31,660	32,206	34,468	37,602	41,293	41,293
Lennox and Addington	11,585	11,712	12,173	12,611	12,976	13,452	14,186	37,675	37,931	39,131	39,213	39,213	39,213	40,183	40,183
Northumberland	25,451	25,560	26,956	26,968	27,793	28,872	30,496	333,082	335,523	352,452	358,206	367,398	380,065	400,570	400,570
Peterborough	16,597	16,741	18,115	18,288	18,801	19,470	20,514	20,827	20,949	21,957	21,957	21,957	21,957	22,500	22,500
Prescott and Russell	21,296	21,477	21,845	23,032	23,547	24,213	25,368	34,528	34,806	36,357	37,285	38,155	39,281	41,194	41,194
Prince Edward	23,992	24,137	26,734	26,622	27,616	28,929	30,762	30,634	30,799	32,689	32,689	33,732	35,099	37,123	37,123
Renfrew	17,499	17,569	18,111	17,981	18,295	18,698	19,496	32,880	33,298	32,395	35,069	37,966	42,052	46,740	46,740
Stormont, Dundas and Glengarry	31,585	31,720	34,329	34,285	32,879	31,228	30,715	28,533	28,824	31,660	32,206	34,468	37,602	41,293	41,293
Total - Rural Eastern Ontario	11,585	11,712	12,173	12,611	12,976	13,452	14,186	37,675	37,931	39,131	39,213	39,213	39,213	40,183	40,183

7. Higher Proportion of Elderly Persons in Rural Eastern Ontario

- Between the 2006 and 2011 census, the proportion of citizens aged 65 and over in Rural Eastern Ontario has risen by more than a full percentage point, increasing from 16.9% to **18.1%**. Rural Eastern Ontario has a significantly higher percentage of its citizens aged 65 and older than the province as a whole (18.1% for the rural areas compared to 14.6% for Ontario). The percentage for the City of Ottawa is considerably lower at 13.2%.
- The proportion of elderly persons is slightly higher in the separated cities and towns: 17.8% climbing to 18.8% of the total population in 2011, but the rate of increase is less than in the rural areas (1.0% compared to 1.2%). The City of Ottawa has seen a more modest increase in elderly population – from 12.4 to 13.2% (a change of 0.8%). In the same period, the percentage of elderly persons across the Province of Ontario rose from 13.6 to 14.6% – a rate which matched that of the separated cities.
- When considered in combination with relatively lower incomes in rural areas (*see preceding section*), the data suggest that seniors may have particular difficulty in paying higher property taxes, which are based on the value of an illiquid asset (their home) rather than their incomes.
- Since elderly persons are less likely to be in the labour force, this suggests that there would be a higher proportion of residents in Rural Eastern Ontario that would be on fixed incomes (e.g. pensions) and they may find it more difficult to cover the costs of maintaining their homes.
- If the number of persons 65 plus grows through to 2020 at the same rate as it did in the 2006-2011 census period, Rural Eastern Ontario will have close to 170,000 seniors by 2020 (20% of the entire population). In absolute number, this would be a larger elderly population than in the City of Ottawa (projected to be 149,284). This is because the projected growth rate of the region's senior population is higher in Rural Eastern Ontario than the projected growth in the general population (13.3% in 5 years compared to 6.3% in 2006-2011).

Figure 14 - Number of Persons Aged 65 and Older in Rural Eastern Ontario (2006, 2011 Census), compared to Ottawa

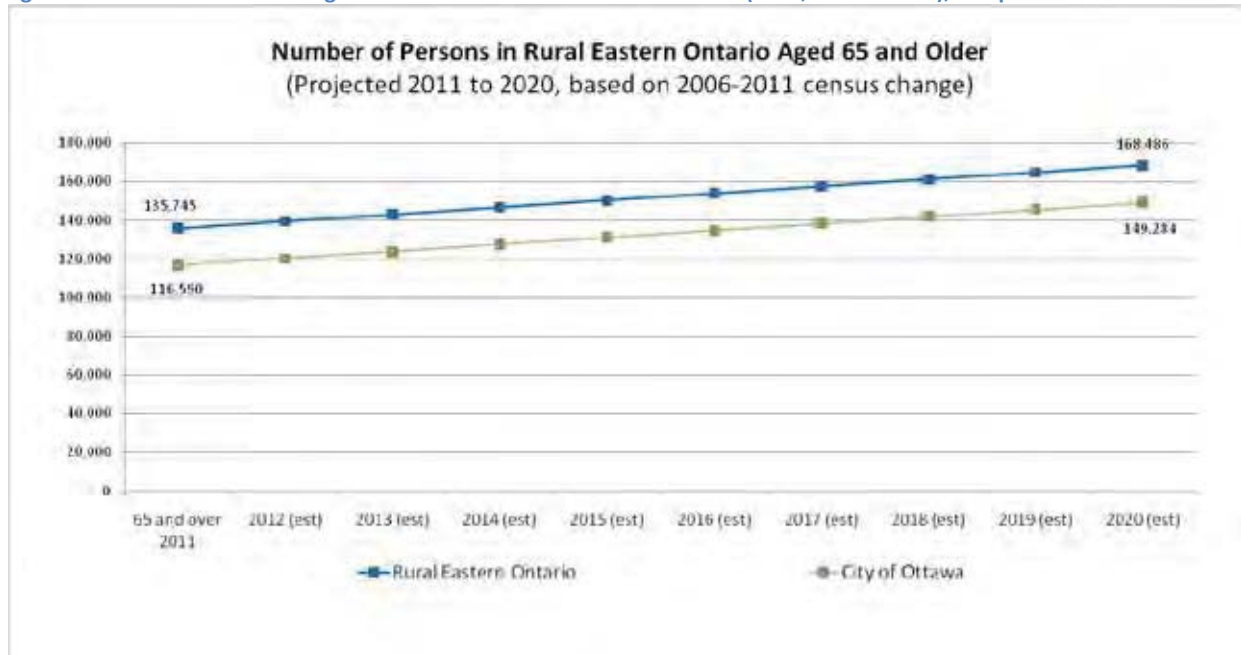


Figure 15 - Persons Aged 65 and Older, by Sub-Region, 2011 Census, 2006 Census, Compared to Provincial Average

By Sub-Region (2011 Census)	# Age 65-74	# Age 75-84	# Age 85+	65 and over 2011	Total Population	Percentage Age 65 and over
Rural Eastern Ontario	78,835	41,725	15,185	135,745	748,735	18.1
Separated Cities	36,330	26,330	11,855	74,515	395,627	18.8
City of Ottawa	62,675	37,580	16,335	116,590	883,391	13.2
All Eastern Ontario	177,410	107,005	44,075	328,490	1,999,809	16.4
ONTARIO	1,004,265	627,660	246,400	1,878,325	12,851,820	14.6
Municipality Source: 2011 Census	# Age 65-74	# Age 75-84	# Age 85+	Total Aged 65 and over	Total Population	Percentage Age 65 and over
Frontenac	2,915	1,365	305	4,585	26,375	17.4
Haliburton	2,770	1,550	435	4,755	17,026	27.9
Hastings	4,770	2,495	865	8,130	42,394	19.2
Lanark	5,805	3,200	1,370	10,375	56,689	18.3
Leeds and Grenville	7,330	3,640	1,355	12,325	67,958	18.1
Lennox and Addington	4,430	2,230	920	7,580	41,820	18.1
Northumberland	9,795	5,870	2,220	17,885	82,126	21.8
Peterborough	6,895	3,395	1,025	11,315	78,698	14.4
Prescott and Russell	7,070	2,100	700	9,870	85,381	11.6
Prince Edward	3,575	2,100	700	6,375	25,260	25.2
Renfrew	8,295	4,915	1,830	15,040	86,970	17.3
Stormont, Dundas and Glengarry	6,570	3,510	1,420	11,500	64,824	17.7
Kawartha Lakes	8,615	5,355	2,040	16,010	73,214	21.9
Rural Eastern Ontario	78,835	41,725	15,185	135,745	748,735	18.1

Figure 16 - Age Distribution by Sub-Region - Source: 2006 Census

By Sub-Region (2006 Census)	# Age 65-74	# Age 75-84	# Age 85+	65 and over	Total Population	Percentage Age 65 and over
Rural Eastern Ontario	65,955	40,610	13,140	119,705	708,795	16.9
Separated Cities	32,890	25,895	9,410	68,195	383,727	17.8
City of Ottawa	51,955	35,640	13,280	100,875	812,130	12.4
All Eastern Ontario	150,800	102,145	35,830	288,775	1,904,652	15.2
ONTARIO	868,190	589,180	191,810	1,649,180	12,160,296	13.6

8. High Levels of Home Ownership in Rural Eastern Ontario

- **2011 NHS:** Home ownership is quite high in Rural Eastern Ontario – 84% of dwellings are owned rather than rented. Home ownership is considerably higher than the provincial average for Ontario: 71%. This is presumably due to the greater prevalence of rental accommodation in urban areas. For instance, the level of home ownership is lower in the separated cities and towns of Eastern Ontario (63%), in the City of Ottawa (66%) and in Toronto (55%).

Figure 17 - Household Characteristics - By County source: NHS 2011

Municipality/ Source: 2011 National Household Survey	Number of Private Households Owner-Occupied	Percentage of Private Households Owner-Occupied	Number of Households with One Maintainer	Percentage of Households with One Maintainer
Frontenac	9,480	91	5,090	49
Haliburton	6,315	83	4,600	60
Hastings	14,165	83	10,035	59
Lanark	19,430	85	12,210	54
Leeds and Grenville	25,100	95	16,403	62
Lennox and Addington	13,300	82	8,810	54
Northumberland	27,310	82	19,150	57
Peterborough	20,470	92	11,585	52
Prescott and Russell	25,785	78	17,965	54
Prince Edward	8,720	83	6,015	57
Renfrew	28,480	80	21,055	59
Stormont, Dundas and Glengarry	21,690	85	13,995	55
Kawartha Lakes	24,585	83	16,730	56
Total - Rural Eastern Ontario	244,830	84	163,643	56
Ottawa	237,605	67	203,855	58
ONTARIO	3,491,320	71	2,840,410	58
Toronto	571,790	55	665,050	63

9. Value of Owned Dwellings is Significantly Lower in Rural Eastern Ontario

- **2011 NHS:** On a county-by-county basis, the median value of dwellings in 2011 was lower in all cases than the provincial median value (\$300,862), with the rural values ranging from \$194,690 to \$250,841. The regional median value for private dwellings across the entire rural landscape of Eastern Ontario is estimated to be **\$232,925** – more than \$60,000 less than for Ontario as a whole (**\$300,862**). For Ottawa, the median value is considerably higher (**\$349,151**) and for Toronto, higher still (**\$401,400**). All counties in Rural Eastern Ontario have a lower median value of dwellings than the provincial average.

These data do not automatically mean that rural residents will have an easier or more difficult time affording their property taxes; municipal governments set their tax *rates* to generate the revenue needed to cover their service provision costs. Rents and mortgage payments may be slightly lower if the purchase price of a home is lower – depending on available down payments and interest rates. A subsequent section of this report provides a more comprehensive view of the cost of living in rural communities.

Figure 18 - Median Value of Dwellings, By County compared to Ontario, Ottawa and Toronto. Source: 2011 National Household Survey

Municipality/ Source: 2011 National Household Survey	Median Value of Dwellings (2011)
Frontenac	237,256
Haliburton	250,720
Hastings	199,738
Lanark	265,478
Leeds and Grenville	200,046
Lennox and Addington	224,431
Northumberland	250,033
Peterborough	272,367
Prescott and Russell	250,043
Prince Edward	250,841
Renfrew	202,540
Stormont, Dundas and Glengarry	194,690
Kawartha Lakes	250,174
Total - Rural Eastern Ontario	232,925
Ottawa	349,151
ONTARIO	300,862
Toronto	401,400

- **2006 Census:** The average value of owned dwellings in Rural Eastern Ontario, when calculated on a weighted average basis, was \$216,173, considerably lower than for Ontario as a whole (**\$297,479**), Ottawa (**\$292,718**) or Toronto (**\$413,574**).

10. Higher Percentage of Rural Eastern Ontario Homes in Need of Major Repair

- 2011 NHS:** According to the 2011 National Household Survey, there were nearly **24,000** private dwellings (homes) in need of major repair⁷. This is more in absolute terms than in the Ottawa (**21,835**). As a percentage of all dwellings in Rural Eastern Ontario, **8.2%** is higher than across Ontario (**6.6%**), in Ottawa (**6.2%**) or Toronto (**7.8%**). The prevalence of homes needing repair varies by county across Rural Eastern Ontario, but in all cases is at or above the provincial average.

These data suggest that homeowners have a more difficult time maintaining their homes than across the province or in the major urban centres. If this is the case, it suggests that there is not enough income to carry out major maintenance or perhaps to cover the other costs of home ownership – one of which is annual property taxes.

Figure 19 - Private Dwellings with Major Repairs Needed, by County, Region and compared to Ontario, Ottawa and Toronto

Municipality/ Source: 2011 National Household Survey	Number of Private Dwellings with Major Repairs Needed	Percentage of Private Dwellings with Major Repairs Needed
Frontenac	805	7.8
Haliburton	500	6.5
Hastings	1,870	10.9
Lanark	1,785	7.8
Leeds and Grenville	2,655	10.0
Lennox and Addington	1,600	9.9
Northumberland	2,510	7.5
Peterborough	2,040	9.2
Prescott and Russell	2,395	7.2
Prince Edward	1,000	9.5
Renfrew	2,785	7.9
Stormont, Dundas and Glengarry	1,940	7.6
Kawartha Lakes	1,960	6.6
Total - Rural Eastern Ontario	23,845	8.2
Ottawa	21,835	6.2
ONTARIO	322,740	6.6
Toronto	82,150	7.8

⁷ National Household Survey results do not define “major repair” other than to say that neither the minor or major repairs include desirable remodelling or additions. It is understood that the assessment of state of repair of a dwelling is made by the occupant.

- **2006 Census:** The same pattern of homes in need of major repair was evident in 2006. Of the 277,435 private dwellings “occupied by usual residents” in Rural Eastern Ontario, **11.4%** (roughly **31,500** dwellings) were described as “requiring major repair” in the 2006 Census. This percentage was considerably higher than the percentage across the province (**6.6%**), in Ottawa (**6.3%**) or in Toronto (7.8%). These data suggest that even before the recession, homeowners in Rural Eastern Ontario were having greater difficulty maintaining their homes than across the province or in the major urban centres.
- It is not clear that the need for repair is related to the age of housing stock. In fact, the data suggests that the need for major repairs is not the result of old stock but is more likely related to lower overall incomes.

Compared to the province as a whole or its urban counterparts, Rural Eastern Ontario does not have especially old housing: **60%** of Rural Eastern Ontario’s housing stock (2006: 166,465 dwellings) were constructed before 1986 (and is now more than 25 years old). Across Ontario, the percentage was **69%**. In Ottawa, the percentage of older housing was **67%**; in Toronto, older stock is 81% of the total.

Figure 20 - Percentage of Private Dwellings Constructed Before 1986 (2006 Census) - Rural Eastern Ontario compared to Ontario, Ottawa and Toronto

Municipality/Source: 2006 Census	Percentage of Private Dwellings Constructed Before 1986 (2006 Census)
Rural Eastern Ontario	60
ONTARIO	69
Ottawa	67
Toronto	81

11. Skewed Assessment Base Puts Pressure on Residential Ratepayers

- The reliance of local governments in Rural Eastern Ontario on **residential assessment** (rather than a strong presence of commercial, institutional and industrial assessment) has become more prominent over the 2002-2011 period, rising from **85.8% to 89.1%** of total assessment (increased reliance of 3.3%). (These data are based on FIRs provided by individual municipalities.)
- In the same period, reliance on residential assessment in the separated cities and towns rose slightly from 78.0 to 78.3%. The City of Ottawa saw decreased reliance on residential assessment, dropping from 78.4% to 77.2%. In other words, across virtually all of Eastern Ontario – other than Ottawa, reliance on residential assessment increased over the past decade.

Figure 18 - Percentage of Rural Eastern Ontario Tax Base That is Residential

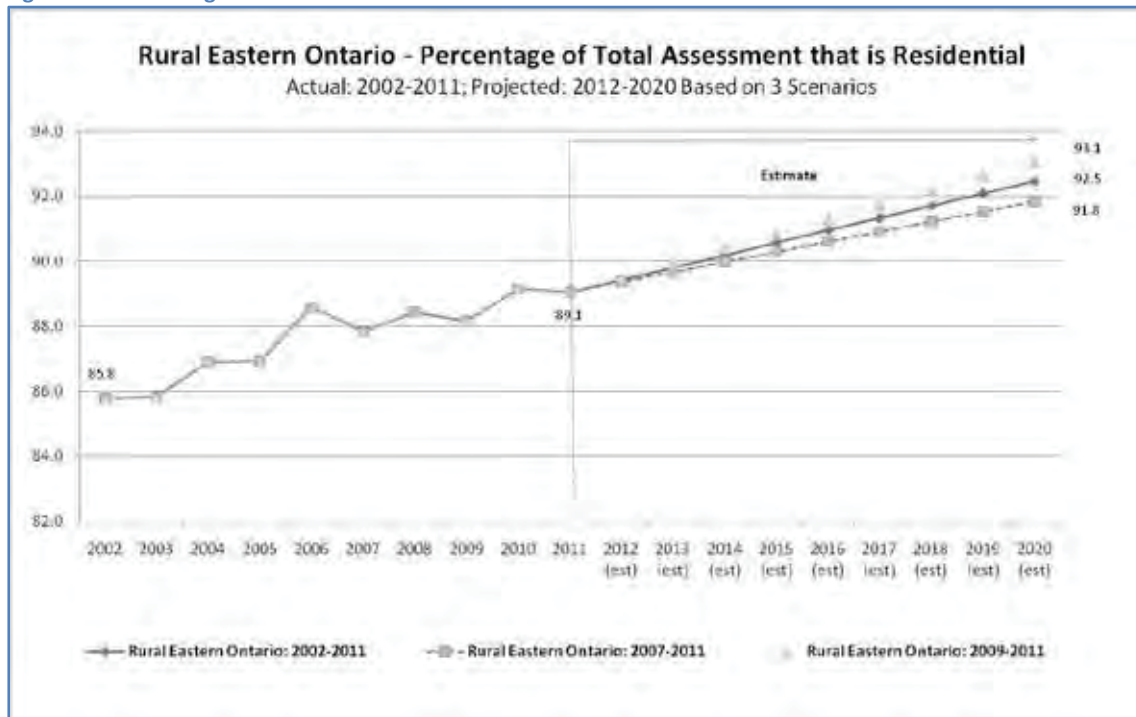
Sub-Region	Percentage of Total Assessment that is Residential				Residential 2020 (est)	Change in 2007-2011	Change in 2002-2011
	2002	2007	2011	2012 (est)			
Rural Eastern Ontario	85.8	87.8	89.1	89.3	91.5	1.2	3.3
Separated Cities	78.4	81.4	78.3	77.7	73.0	-3.1	0.0
City of Ottawa	78.0	83.0	77.2	76.1	67.9	-5.7	-0.7
All Eastern Ontario	80.9	84.4	81.5	80.9	76.3	-2.9	0.6

11.1 Regional Reliance on Residential Assessment Projected to Increase to 2020

If the reliance trend in Rural Eastern Ontario in the 2007-2011 period continues through to **2020** (increasing by 0.3% a year), these municipalities will see **91.5% of their assessment being residential** by the end of the decade. This means that an even larger share of the cost for delivering local services will be borne by residential property owners or tenants in apartments.

By 2020, non-residential assessment in Rural Eastern Ontario is projected to drop to **8.5%** of total assessment, down from **14.2%** in 2002. This would be roughly a third of the proportion of the separated cities and towns in Rural Eastern Ontario. Non-residential assessment is expected to be virtually identical in 2020 as it was in 2011 (**\$8.85 billion**).

Figure 19 - Percentage of Total Assessment that is Residential



11.2 Rural Eastern Ontario More Reliant on Residential Assessment than Province as a Whole

- Comparing Rural Eastern Ontario’s reliance on residential assessment to Ontario as a whole requires use of MPAC data rather than FIRs. MPAC data for Tax Year 2012 (2011 Roll)⁸ was used to compare the source of assessments on a region-to-province basis.

MPAC data show that:

- Commercial and industrial assessments combined are just 6.3% of the Rural Eastern Ontario’ assessment base (compared to 16% for the province as a whole).
 - Farmland and managed forest account for 5.2% of the Rural Eastern Ontario assessment base (but are not fully taxable). The provincial average is 2.3%.
 - Rural Eastern Ontario is heavily reliant on residential assessment (84.2%).
- The comparative data from MPAC for Rural Eastern Ontario and the Province of Ontario shows that across the province, 75% of total assessment is residential. Rural Eastern Ontario can therefore be considered to be roughly **10% more reliant on residential assessment** than the provincial average.

⁸ The percentage of total assessment from residential assessment is different when using 2011 FIR data as compared to 2012 MPAC data. There appears to be some variation in how municipalities show assessment for particular classes in their FIRs, reflecting the proportion of certain lands that are not fully taxable. MPAC assessment data is understood to be based on the property valuations not taxable status.

Figure 20 – Distribution of Assessment by Type – Rural Eastern Ontario: Source – MPAC Data

Type of Assessment	% 2011 for 2012 Tax Year	Assessment (\$Billions)
Commercial	5.1	\$ 4.72
Shopping Centres and Parking Lots	0.2	\$0.208
Exempt	3.7	\$ 3.48
Farm	4.8	\$ 4.45
Industrial	0.9	\$0.804
Managed Forest	0.3	\$0.234
Pipeline, Railway and Utilities	0.9	\$0.818
Multi-Residential	0.8	\$0.759
Residential	83.4	\$ 77.9
Total – All Types	100	\$ 93.4

12. Median Shelter Costs in Rural Eastern Ontario Generally Lower

- **2011 NHS:** The median shelter cost⁹ for owned dwelling across Rural Eastern Ontario¹⁰ is \$865 a month, roughly \$330/month less than across Ontario as a whole (\$1,163/month). This is likely due to the lower value of homes in the rural areas which would reduce financing requirements. On a county by county basis, there is considerable variability across the region – from a low of \$615/month to \$1,110/month.

Figure 21 - Median Shelter Costs, by County, compared to Ontario, Ottawa and Toronto. Source: 2011 National Household Survey

Municipality/ Source: 2011 National Household Survey	Percentage of Private Households Owner-Occupied	Median Monthly Shelter Costs for Owned Dwellings
Frontenac	91	809
Haliburton	83	643
Hastings	83	815
Lanark	85	928
Leeds and Grenville	95	890
Lennox and Addington	82	953
Northumberland	82	955
Peterborough	92	784
Prescott and Russell	78	1,110
Prince Edward	83	895
Renfrew	80	615
Stormont, Dundas and Glengarry	85	732
Kawartha Lakes	83	937
Total - Rural Eastern Ontario	84	865
Ottawa	67	1,307
ONTARIO	71	1,163
Toronto	55	1,304

- **2006 Census:** In 2006, the median monthly payment for owner-occupied dwellings (typically a mortgage) was \$717 in Rural Eastern Ontario, considerably less than in the City of Ottawa: \$1,151.
- The median monthly payment for rented dwellings was \$636 in Rural Eastern Ontario, considerably less than in the City of Ottawa (\$849).

⁹ Shelter costs for owner-occupied households include, where applicable, the mortgage payment, the costs of electricity, heat, water and other municipal services, property taxes and condominium fees. The Canadian average shelter cost in 2011 for owned premises was \$1,141.

¹⁰ The regional median shelter cost for owned dwellings was calculated by using a weighted average of the shelter costs for each county, with the weighting factor being the number of owner-occupied private households.

13. Rural Eastern Ontario Workforce Has Longer, More Expensive Commute

- 2011 NHS:** According to the 2011 National Household Survey, the median commuting time to work for residents of Rural Eastern Ontario ranges from 16 minutes to 30 minutes depending on location. These results cluster around the provincial average (21 minutes). When a regional median commuting time is calculated, the regional average tracks both the provincial average and the median commute for Ottawa quite closely.

However, all jurisdictions in Rural Eastern Ontario have longer median commuting times than their nearest urban counterparts (see examples in chart below) and do not have access to public transit for most, if not all, of their commuting distance. In other words, rural residents are likely to be commuting longer and at greater cost than their urban counterparts.

Typically rural workers use their only available means of transportation --- the automobile --- and are incurring additional costs to do so. There is some reason to think the voluntary NHS underestimates commuting time, distance and associated costs for rural workers.

Low response rates in many rural municipalities – especially those further from urban centres – leads to data suppression and under-representation of workers in many of the smallest, most rural municipalities.

Figure 22 - Median commuting time - Rural Eastern Ontario compared to Ontario, Ottawa and Toronto

Municipality/2011 Census	Median Commuting Duration (minutes)
Frontenac	17
Haliburton	16
Hastings	17
Lanark	22
Leeds and Grenville	23
Lennox and Addington	21
Northumberland	20
Peterborough	17
Prescott and Russell	30
Prince Edward	17
Renfrew	16
Stormont, Dundas and Glengarry	19
Kawartha Lakes	21
Total - Rural Eastern Ontario	21
Ottawa	21
ONTARIO	21
Toronto	30

Jurisdiction	Median Commuting Time Rural Area (minutes)	Median Commuting Time Urban Area (minutes)
Frontenac	25.8 – South Frontenac 40.1 – Frontenac Islands	15.5 - Kingston
Hastings	25.1 – Tyendinaga 25.5 – Centre Hastings 25.6 – Stirling-Rawdon and Tweed	15.1 – Belleville 15.8 – Quinte West
Lanark	21.9 – Lanark	12.5 – Smiths Falls
Leeds and Grenville	23.2 – Leeds and Grenville	10.7 – Brockville 15.6 - Gananoque
Peterborough	16.7 - Peterborough	15.1 – Peterborough (City)
Renfrew	16.4 – Renfrew County	10.8 - Pembroke
Stormont, Dundas and Glengarry	18.7 – Stormont, Dundas and Glengarry	10.8 - Cornwall

Distance matters as much as time: Based on Canada Revenue Agency mileage rates for the 2003-2013 period, and assuming that a typical full-time employee is travelling an additional 30 kilometres round-trip per day (15 kms each way), that person is likely to be incurring an *additional* \$3,500 to \$4,000 a year in commuting costs compared to their urban neighbours. This would include additional fuel costs and more frequent maintenance on vehicles that are more extensively used. Insurance costs may also be higher and more rural workers may have to pay monthly parking at their workplace. The additional costs for longer commutes are estimated to be roughly \$325/month.

Figure 23 - Additional Transportation Costs Incurred by Rural Eastern Ontario Labour Force - Source: CRA Mileage Rates

Mileage Rates and Cost Estimates	2003	2007	2008	2011	2012	2013
First 5,000 km (cents)	42	50	52	52	53	54
Further km (cents)	36	44	46	46	47	48
If working full-time/# days week	5	5	5	5	5	5
Average additional kms/day (RT)	30	30	30	30	30	30
Average additional kms/week	150	150	150	150	150	150
Average kms/month (4.2 weeks/month)	630	630	630	630	630	630
Average Additional kms/year	7,560	7,560	7,560	7,560	7,560	7,560
Average Additional cost/year	3,022	3,626	3,778	3,778	3,853	3,929
Average Additional Cost/Month	252	302	315	315	321	327

- 2006 Census:** Median commute time estimates appeared for the first time in the 2011 NHS. Previously, the Canadian census included questions about work location (whether or not residents work in the same municipality or the same census division or county. This has been used as a proxy for a municipality's ability to create employment close to home, thereby reducing commuting time and distance.

The 2006 census showed that a much higher proportion of the workforce is commuting to a different municipality: 52% compared to the provincial average of 32.6%. For the most part, this phenomenon was driven by the rural workforce commuting to nearby urban areas for employment. However, the flow of the labour force is in only one direction. Ottawa is a striking example of an urban area that provides employment to nearby municipalities but does not show a pattern of urban residents commuting to work in another (rural) municipality. In this case, only 1.6% of Ottawa's workforce is working in a different municipality or census division. In addition to influencing commuting distances and associated costs, this pattern is a major contributor to the reliance of rural areas on residential assessment and the stronger presence of commercial, industrial and institutional assessment in urban areas.

Figure 24 – Percentage of Labour Force Working Outside Home Municipality, by Sub-Region and County, Compared to Ontario and Ottawa; Source: 2006 Census

Sub-Region	Percentage of Labour Force Working in a Different Municipality within the Census Division (%)	Percentage of Labour Force Working in Different Census Division (or County) (%)	Total Percentage of Labour Force Working in a Different Municipality or Census Division (%)
Rural Eastern Ontario	26.0	26.1	52.1
City of Ottawa	0.0	1.6	1.6
All Eastern Ontario	11.1	11.7	22.8
ONTARIO	12.9	19.7	32.6
Municipality	Percentage of Labour Force Working in a Different Municipality within the Census Division	Percentage of Labour Force Working in Different Census Division (or County) (%)	Total Percentage of Labour Force Working in a Different Municipality or Census Division (%)
Frontenac	52.7	11.5	64.3
Haliburton	16.7	16.9	33.6
Hastings	43.5	13.7	57.2
Kawartha Lakes	0.0	34.2	34.2
Lanark	27.8	33.0	60.8
Leeds and Grenville	34.4	29.1	63.5
Lennox and Addington	7.7	46.0	53.6
Northumberland	23.2	26.2	49.3
Peterborough	45.3	18.1	63.4
Prescott and Russell	15.6	37.5	53.1
Prince Edward	0.0	36.2	36.2
Renfrew	39.6	10.2	49.8
Stormont, Dundas and Glengarry	29.3	19.2	48.5

14. Rural Eastern Ontario Residents Less Likely to Have Post-Secondary Education

- NHS 2011:** Rural Eastern Ontario's total core workforce-aged population (25-64 years) was **388,830** in 2011. If accurate, it would suggest that the aging population combined with out-migration of youth and to some extent, migration of some members of the labour force to Western Canada, is constraining labour force growth: the core labour force now accounts for 55% of total population. In 2006, the percentage was 57%. However, given that 22 of 93 municipalities within the 13 rural county/single tier region had data suppression applied to their results due to low response rates, it is not clear if there is a waning representation of the core labour force in Rural Eastern Ontario. What is clear is that education levels are lower overall in Rural Eastern Ontario than they are in either Ontario as a whole or in either Ottawa or Toronto.
- Rural Eastern Ontario has a smaller proportion of its core labour force in possession of college or university education (**46.6%**) than the province as a whole (**57.0%**) or either of Ottawa (69.2%) or Toronto (63.7%).
- Rural Eastern Ontario is *more likely* to have a skilled trades-educated workforce (**11.0%**) than the province as a whole (**7.8%**) or has double the strength of this type of workforce of either of Ottawa (5.5%) or Toronto (5.2%). In fact, Rural Eastern Ontario has a larger absolute number of these types of workers (roughly 42,000) than Ottawa (27,000).
- Rural Eastern Ontario is *less likely* to have a university-educated workforce (**16.0%**) than the province as a whole (**28.9%**) or either of Ottawa (42.8%) or Toronto (40.3%)

Figure 25 - Educational Attainment - Rural Eastern Ontario compared to Ontario, Ottawa and Toronto

Sub-Region - Educational Attainment Source: NHS 2011	Total Population 25-64 [2011]	Trades Certificate or Diploma Percent (among population aged 25-64) [2011]	College Certificate or Diploma Percent (among population aged 25-64) [2011]	University Certificate or Diploma below the bachelor level Percent (among population aged 25-64) [2011]	University Certificate, Diploma or Degree Population (Among 64) [2011]	Trades, College or University Education Percent (Total) [2011]	College or University Education Percent (Total) [2011]
Rural Eastern Ontario	388,830	11.0	28.1	2.5	16.0	57.7	46.6
Ottawa	489,920	5.5	22.2	4.2	42.8	74.7	69.2
ONTARIO	7,018,880	7.8	23.6	4.5	28.9	64.8	57.0
Toronto	1,491,890	5.2	17.5	5.9	40.3	68.9	63.7

- These data suggest that without significant attention to education and training for the rural labour force, it will be difficult for Rural Eastern Ontario to close the earnings and incomes gap described earlier in this White Paper. Further, the lower levels of earnings and incomes, combined with additional transportation costs for travelling to existing post-secondary education classes in person, suggest that rural residents are less likely to be able to afford traditional forms of higher education.

Figure 26 - Rural Eastern Ontario compared to Ontario, Ottawa and Toronto - By County Source: 2011 National Household Survey

Municipality - Educational Attainment	Total Population 25-64 [2011]	Trades Certificate or Diploma Percent (among population aged 25-64) [2011]	College Certificate or Diploma Percent (among population aged 25-64) [2011]	University Certificate or Diploma below the bachelor level (among population aged 25-64) [2011]	University Certificate, Diploma or Degree Population (Among 25-64) [2011]	Trades, College or University Education Percent (Total) [2011]	College or University Education Percent (Total) [2011]
Frontenac	14,575	8.4	27.4	2.6	28.7	67.1	58.7
Haliburton	8,650	13.4	27.3	2.4	14.5	57.6	44.2
Hastings	22,680	11.3	28.5	2.0	13.1	54.9	43.6
Lanark	30,910	11.1	29.2	2.7	17.2	60.2	49.1
Leeds and Grenville	37,370	9.8	30.8	2.6	16.5	59.7	49.9
Lennox and Addington	22,190	11.6	29.9	2.4	13.4	57.3	45.7
Northumberland	42,100	11.6	28.8	2.5	16.8	59.7	48.1
Peterborough	30,445	9.9	28.3	2.8	20.9	61.9	52.0
Prescott and Russell	47,310	11.4	25.1	3.1	16.4	56.0	44.6
Prince Edward	13,060	11.9	27.0	2.6	17.4	58.9	47.0
Renfrew	46,815	10.8	27.4	2.3	14.3	54.8	44.0
Stormont, Dundas and Glengarry	34,785	11.9	27.3	2.3	11.5	53.0	41.1
Kawartha Lakes	37,940	11.3	28.3	2.4	13.8	55.8	44.5

- 2006 Census:** Based on 2006 census data, residents of Rural Eastern Ontario have lower overall levels of educational attainment (perhaps in part due to the slightly older population who may not have had the opportunity for post-secondary education). At 38.3%, the proportion of rural residents with either college or university education was slightly less than residents of the separated cities and towns (41.6%) and well under that of the City of Ottawa (65.7%).

When trades education is added in, rural residents still lagged their counterparts in the separated cities and towns (48.9% compared to 51.8%) with the City of Ottawa having a very high rate of any of these types of education: 71.6%.
- Residents of Rural Eastern Ontario were more likely than those of the City of Ottawa to have a college certificate or diploma (21.1%); residents of separated cities and towns were the most likely to have this type of education (24.4%).
- Compared to the province as a whole, Rural Eastern Ontario residents were more likely to have a college certificate or diploma than the province as a whole (23.5% compared to 22.0%) but less likely to have any form of university education (combined 14.8% compared to 31.7%).

- These variations in educational attainment may be due, at least in part, to the slightly older population in the rural areas (see *earlier section of this report*) or to the exodus of young people from their home communities when they decide to seek further education (for the most part, post-secondary education institutions are located in cities and towns). Regardless of the reason(s), lower levels of education are likely to limit rural residents' ability to secure relatively high paying employment. This employment limitation may therefore reduce the population's annual incomes and therefore their ability to pay property taxes sufficient to pay for vital public services (see *earlier section of this report*).

Figure 27 - Educational Attainment by Sub-Region - Rural Eastern Ontario compared to Ontario, Ottawa and Toronto Source: 2006 Census

Sub-Region - Educational Attainment	Total Population 25-64 [2006]	Trades Certificate or Diploma population aged 25-64) [2006]	College Certificate or Diploma (among population aged 25-64)	University Certificate or Diploma below the bachelor level (among population aged 25-64)	University Certificate, Diploma or Degree (Among population aged 25-64)	Trades, College or University Education Percent (Total)	College or University Education Percent (Total)
Rural Eastern Ontario	383,040	10.6	23.5	2.5	12.3	48.9	38.3
Separated Cities	580,310	10.2	24.4	2.6	14.6	51.8	41.6
City of Ottawa	452,915	5.9	21.1	4.5	40.1	71.6	65.7
ONTARIO	6,638,330	8.8	22.0	4.7	26	61.4	52.7

Figure 28 - Educational Attainment - By County, Source: 2006 Census

Municipality - Educational Attainment	Total Population 25-64 [2006]	Trades Certificate or Diploma Percent (among population aged 25-64) [2006]	College Certificate or Diploma Percent (among population aged 25-64) [2006]	University Certificate or Diploma below the bachelor level Percent (among population aged 25-64) [2006]	University Certificate, Diploma or Degree Percent (Among Population aged 25-64) [2006]	Trades, College or University Education Percent (Total) [2006]	College or University Education Percent (Total) [2006]
Frontenac	15,205	11.4	27.2	2.7	16.3	57.6	46.2
Haliburton	8,470	12.0	25.9	2.2	12.2	52.3	40.3
Hastings	21,085	13.2	22.3	2.8	8.4	46.6	33.5
Lanark	29,665	10.5	29.1	3.1	17.4	60.1	49.6
Leeds and Grenville	37,375	10.9	29.7	2.4	14.4	57.4	46.4
Lennox and Addington	21,875	12.4	26.8	2.9	11.9	54.0	41.6
Northumberland	41,585	11.7	26.0	3.0	13.8	54.5	42.8
Peterborough	30,875	12.2	28.0	2.9	15.1	58.2	46.0
Prescott and Russell	44,950	11.9	23.6	3.1	13.6	52.2	40.3
Prince Edward	13,325	10.0	28.1	3.3	17.1	58.5	48.6
Renfrew	44,915	12.1	24.7	2.6	12.4	51.8	39.7
Stormont, Dundas and Glengarry	34,810	12.7	24.3	2.6	12.6	52.2	39.5
Kawartha Lakes	38,905	12.5	25.5	2.7	11.2	52.0	39.5

15. Taking Action on Ratepayer Affordability

Keeping municipal government affordable for local ratepayers will require local governments to change the trajectory of both service delivery costs and the revenues available to pay for these services (see EOWC White Paper on Municipal Affordability). Local governments will also need to become more proactive in supporting the efforts of their own ratepayers to improve the economic circumstances of the region, its households and businesses. This White Paper contains information which will help to guide the forthcoming regional economic development strategy project being undertaken by the EOWC in partnership with other regional stakeholder groups. The following recommendations cover some actions that local governments might take on their own or through the EOWC, as well as those which might be undertaken in partnership with upper levels of government.

Recommendations for EOWC and Constituent Municipalities:

E-1: It is proposed that the EOWC continue to actively support the development of a region-wide economic development strategy with the long-term objective of stimulating growth as well as jobs across the region, which will in turn stimulate growth in the region's property tax base. The ultimate goal is to increase total assessment as well as the proportion of assessment from industrial, commercial and institutional operations. (This same recommendation is found in the *Municipal Affordability White Paper*).

E-2: It is proposed that the EOWC continue to work with the provincial and federal governments to build awareness and utilization of the provincial (permanent) Eastern Ontario Development Fund (EODF) and programs of FedDev across the region. In particular, the EOWC will a) encourage utilization of the EODF Small Community/Pilot funding stream for businesses that fall below the 10-employee minimum threshold, and b) suggest opportunities to FedDev for funding regional initiatives designed to stimulate private sector economic activity across Rural Eastern Ontario.

E-3: It is proposed that the EOWC continue to encourage EORN to investigate and provide leadership to deployment of new, internet-based technologies by small and medium-sized businesses including but not limited to agriculture, forestry, manufacturing and fabrication, construction, information communications technology (ICT), transportation & logistics, health care, education, and tourism. Increased utilization of the regional broadband network for business purposes is expected to expand markets, increase private sector economic activity, create jobs, and ultimately, increase non-residential assessment.

E-4: It is proposed that the EOWC actively support the development of an integrated regional transportation and (non-traditional) transit system in Rural Eastern Ontario to increase access to markets in and outside the region, as well as improving cost-effectiveness of workforce commutes in and out of the region. Enabling the workforce to get back and forth to work in a cost-effective way is expected to increase employment and related earnings.

E-5: It is proposed that the EOWC actively support the development of in-region and distance education and training opportunities to enhance the education and skill levels of the region's population and workforce, thereby enhancing the ability of local residents to find employment and increase earnings.

E-6: It is proposed that the EOWC advocate for reinstatement of the federal Home Renovation Tax Credit – especially for energy efficiency, and the continuation and extension of the provincial Home Renovation Tax Credit for seniors and family members living with them. It is further recommended that these tax credits be focused on low-income owner-occupied households.

E-7: It is proposed that the EOWC actively support the development of a regional youth retention and re-attraction strategy through which to increase the overall size of the labour force in Rural Eastern Ontario and contribute to succession planning for local enterprises.

E-8: It is proposed that the EOWC advocate for additional financial support for affordable housing initiatives that would reduce the need for residents to move to urban areas for these types of accommodations.

Recommendations for the Province of Ontario:

U-1: It is proposed that the Province of Ontario provide Eastern Ontario municipalities that have significant Crown lands or other lands with assessment constraints (e.g. managed forests, farmland, aggregate sites etc.) in their jurisdictions with compensation reflecting these property-based limitations. The compensation could be a Payment-in-Lieu or an annual share of revenues accruing to the Province from these lands (e.g. royalties from stumpage fees). This compensation would be in recognition of the service provided by municipalities in building and maintaining roads and bridges, and providing emergency services for these tax-exempt lands. [This same recommendation is found in the *Municipal Affordability White Paper*]

U-2: It is proposed that the EOWC continue to work cooperatively with provincial and federal authorities to obtain an agreement related to the Algonquin land claim. Once an agreement is in place, it is proposed that the EOWC work collaboratively within the Algonquin Nation to identify and pursue opportunities for economic development benefiting the Algonquins and the region as a whole. [This same recommendation is found in the *Municipal Affordability White Paper*].

U-3: It is proposed that the EOWC encourage and support the Province of Ontario in its continued efforts to contain the growth in program and service delivery costs, including those that are mandated to municipal government (examples: policing costs). It is further proposed that the EOWC encourage the Province to engage municipalities and the EOWC in processes which will affect services mandated to municipal government.

U-4: It is proposed that the EOWC work with AMO and the Province of Ontario to develop a strategy which would allow and encourage local governments to introduce non-tax-based revenue generating measures to make their municipalities more financially sustainable. The first priority could be an examination of ways to leverage existing municipal assets to provide new revenue streams (examples: outstanding POA monies; per-ton charge for aggregates). [This same recommendation is found in the *Municipal Affordability White Paper*].

U-5: It is proposed that the Province of Ontario broaden its [commitment to work with municipalities on renewable energy development](#) to include determination of appropriate property tax rates for all types of renewable energy, not just wind turbine towers. This is an essential companion to the [proposed changes to the Feed-in-Tariff \(FIT Program\)](#) which are intended to engage municipalities and Aboriginal communities in location and siting decisions, and providing new energy-related economic development and revenue opportunities for municipalities and public sector entities. [This same recommendation is found in the *Municipal Affordability White Paper*].

U-6: It is proposed that the EOWC work with AMO and the Province of Ontario to determine if there are alternative, cost-effective ways to deliver services at the local level, and seek opportunities for pilot programs through which these alternatives might be tested on a cost-shared basis in Rural Eastern Ontario. [This same recommendation is found in the *Municipal Affordability White Paper*].