



**Institute of  
Public Policy  
and Economy**

The StrategyCorp Institute of Public Policy and Economy provides thought leadership on important public policy issues facing Canadians and their governments across the country by combining policy expertise with key political insights



# Small Towns, Big Opportunities

A whitepaper by the **StrategyCorp Institute of Public Policy and Economy** in consultation with the Ontario Real Estate Association discussing the impacts and opportunities for rural Ontario coming out of COVID-19

October 2021 | Rural Ontario Institute



## Part I

### We're Ontario's Small Towns Dying?

- ▶ Population Losses
- ▶ Diminishing Employment Opportunities
- ▶ What About the Towns That Bucked the Trend?



## The Very Real Brain-Drain

“It is only after people reach the age of 50 that greater proportions of them are seen in rural Ontario societies than in urban centres, a trend that continues up until the age of 90 and higher.”

*Measuring Ontario's Urban Rural Divide* by Waseem Ahmed and Sean Speer

CENSUS DIVISION	POPULATION REDUCTION
HURON	-8.5%
PRINCE EDWARD	-8.1%
SUDBURY	-7.3%
RAINY RIVER	-5.3%
ALGOMA	-4%
COCHRANE	-3.5%
TIMISKAMING	-3.3%
LAMBTON	-3.3%
CHATHAM-KENT	-2.8%
PARRY SOUND	-2%
MANITOULIN	-2%

*Population Reductions in Ontario Census Divisions, 2011-2016*

# Ontario's Rural-Urban Labour Market Divide was Widening

- ▶ Labour force growth outside of the province's major urban clusters has continued to stagnate – **in some centres, including Peterborough and Thunder Bay, the labour force has actually shrunk**
- ▶ The trends diverge even more widely when specifically comparing truly *rural* Ontario (i.e. centres and populated lands with less than 10,000 people) with its increasingly urbanized surroundings
  - Between 2011 and 2019, Ontario's non-rural labour force grew by **10.6%**, while **in rural areas it shrunk by 15.6%** (in areas with less than 1,000 people, it shrunk by **20.2%**)
- ▶ Of the 865,000 jobs created in Ontario between January 2008 and August 2019, 87 per cent were created in either Toronto or Ottawa.
  - Rural areas that do not belong to one of Statistic Canada's Census Metropolitan Areas (CMAs) lost 76,000 net jobs during the same time period
- ▶ There are pockets of Ontario where unemployment rates were under two per cent pre-pandemic, such as in Bruce and Wellington Counties. Yet, Owen Sound lost **a high school and 3 elementary schools in 2017** due to lack of enrollment.

# The Towns That Bucked the Trend

## Reasonable Commute:

- ▶ Census metropolitan areas within a ‘*sweet spot*’ of reasonable driving distance to the GTHA but distant enough to have lower house prices were growing.
- ▶ New Tecumseth sees 44% of its population commute to work every day.
- ▶ Communities such as Oshawa, Barrie, and Guelph have all seen growth in their core populations over the last 12 years
  - Oshawa’s labour force grew by **more than 21 per cent** during that time.

## Affordable Home Prices:

- ▶ More than 60% of the top 50 most livable communities in Canada were towns with less than 40,000 people.
- ▶ Peel, Halton and York are losing out to counties such as Oxford or Simcoe.
- ▶ In 2018/2019 Haliburton increased its population by 2.17 per cent. In fact, 9 out of 10 of those individuals were of working age.



## Part II

### Rural Growth Post COVID-19

- ▶ Increasing Home Prices
- ▶ The Impact of Working From Home



# The Push Factor: Rising Home Prices

TABLE 2. THE THREE MOST AFFORDABLE AND LEAST AFFORDABLE CITIES IN ONTARIO

3 MOST AFFORDABLE CITIES	
CITY	AVERAGE HOME PRICE
THUNDER BAY	\$217,745
SUDBURY	\$268,696
WINDSOR	\$303,183

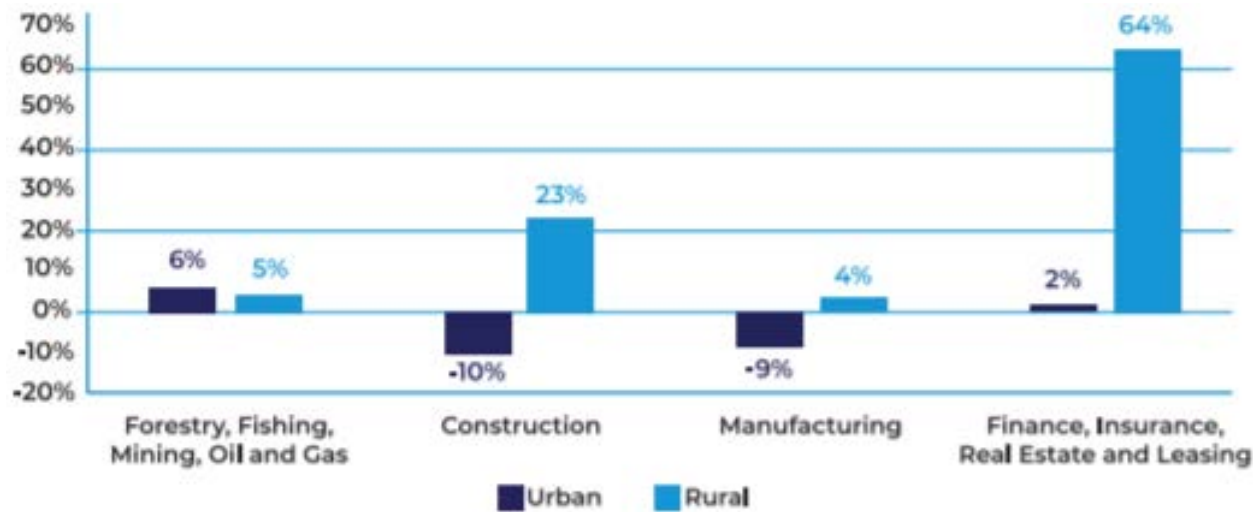
3 LEAST AFFORDABLE CITIES	
CITY	AVERAGE HOME PRICE
HAMILTON	\$569,490
OAKVILLE	\$719,000 <sup>xlviii</sup>
GREATER TORONTO AREA	\$804,584

*“... 95 per cent of the buyers my team is working with are families where the pandemic has finally been the straw that broke the camel’s back, and they are moving out of the city.”*

*– Chris Keleher, Royal LePage REALTOR® in Collingwood*



# The Pull Factor: Working From Home



**FIGURE 1. YEAR-OVER-YEAR PERCENTAGE EMPLOYMENT GROWTH: JUNE 2020**

- ▶ The province's rural and small towns have experienced an employment drop of only 5.1 per cent compared with the national average decline of 9.2 per cent during the pandemic.
- ▶ Less reliance on in-person service sector (hospitality, retail, food services, etc) and increase demand for trades with influx of new residents.



## Part III

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### The Solution: Empowering Rural Ontario

- ▶ Creating Opportunity Zones
- ▶ Tax Deferrals/Holidays and Small Business Tax Reductions
- ▶ Building 21<sup>st</sup> Century Infrastructure (Broadband/Natural Gas)
- ▶ Converting Commercial Properties
- ▶ Embracing Micro-Credentials and Return to Rural Roots Tax Credits
- ▶ Attracting Newcomers

# Some of Our 15 Recommendations to Empower Rural Ontario:

## Recommendation 1

...embrace the policy of opportunity zones by working with the federal government towards immediate implementation. The Ontario version should contain stricter criteria for qualification as an opportunity zone and consider a longer timeline to incentivize the right type of investment.

## Recommendation 3

...eliminate barriers to broadband installation in rural areas, including reviewing provincial easement rules and utility pole access, while also encouraging the Federal Government to pursue regulatory reforms that accelerate broadband funding.

## Recommendation 4

...create an office relocation strategy to review eligible bureaucracies and agencies that can be moved outside of the urban core to rural and Northern Ontario.

## Recommendation 8

...create a tiered graduation from the small business tax rate to the full corporate income tax rate to encourage and incentivize Ontario's small businesses to grow in the wake of COVID-19.

## Recommendation 10-11

should design a made-in-Ontario program to financially incentivize recent graduates to move to rural and Northern Ontario in order to reverse the rural brain-drain and expand the current five-year Rural and Northern Immigration Pilot to cover more municipalities



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