The Impacts of Land Use Growth Restrictions Upon Municipal Finances: A Comparative Study of a Rural Municipality, an Urban Settlement Municipality, and a Primary Settlement Municipality.

MPA Research Report

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Douglas Herron
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Abstract

The topic of this paper is on the impact of growth controls upon the finances of local government. Growth controls in the form of urban growth boundaries and population allocations can effect changes in the housing market and the value of land. An increase in the density of the urban area in terms of population and building intensity can affect a municipality’s tax revenue and the delivery of public services. A municipality’s ability to deliver public services is largely affected by its fiscal health. The focus of this paper is on the Growth Plan for the Greater Golden Horseshoe and the growth controls imposed through the Growth Plan upon the County of Simcoe and the local municipal governments within the boundaries of the County of Simcoe. The paper examines how growth controls may affect a rural municipality, a high growth urban municipality, and an urban municipality allocated for population intensification. The three municipalities observed are the Township of Tiny, a rural municipality, the Town of Wasaga Beach, a high growth municipality, and the Town of Collingwood, a high growth municipality designated by the Province for intensification of growth.

The research concludes that the growth controls of the Provincial Growth Plan may have a minimal effect upon municipal finances and that the true measure of that effect is concealed within factors which have a higher prevalence for affecting municipal finances. These other factors include current high growth financial management practices, the cost of replacing aging infrastructure, and the high number of seasonal population which each of the sample municipalities.
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Chapter 1 - Introduction

This paper examines the impact of growth controls upon the finances of local government. The paper focuses on the growth controls contained in the Growth Plan for the Greater Golden Horseshoe. Specifically, the paper examines urban growth boundaries and population allocation in the County of Simcoe. The Ontario Places to Grow Act, and, specifically, the regulations of the Act in the form of the Growth Plan for the Greater Golden Horseshoe, legislate that municipalities within the County of Simcoe shall establish urban growth boundaries to contain sprawl and that the County of Simcoe is limited to a maximum population 667,000 to the year 2031. Further, the population cap of 667,000 is allocated among the eighteen municipalities within the boundaries of the County of Simcoe.

Fiscal health is a key factor which helps determine a municipality’s competitive edge. Municipal fiscal health is linked to municipal competitive ability insofar as a municipality with a healthy fiscal status can exercise a greater number of options in terms of delivery of services and public programs, thus enhancing its competitive abilities. For example, a key competitive advantage of a municipality is the ability to offer lower taxes and fees than those of surrounding other municipalities. A healthy fiscal status is a factor which allows a municipality to provide a competitively low tax rate. Similarly, a healthy fiscal status is a key factor in a municipality’s ability to respond to the needs of its citizens in the delivery of public services. Given the importance of the relationship between fiscal health and the delivery of public services, the research seeks to determine whether the growth controls imposed upon the County of Simcoe will have an effect, either positive or negative, upon the fiscal health of local government.
The Growth Plan for the Greater Golden Horseshoe (GPGGH) imposes three levels of growth controls upon the County of Simcoe and its member municipalities, including the Cities of Barrie and Orillia which are single-tier municipalities and located wholly within the boundaries of the County of Simcoe. First, the GPGGH requires each municipality to establish growth boundaries with the intent that growth is to be both contained, and intensified, within the growth boundaries. Second, “Amendment No.1” to the GPGGH allocates a maximum population to each municipality. Third, Amendment No.1 designates six of the eighteen municipalities within the County of Simcoe for high population growth, whereas population growth is limited within the remaining twelve municipalities. Amendment No.1 was brought into force in 2012 and imposes population growth restrictions over a twenty year span to the year 2031.

The method of assessment first involves a theory review of the topics of population growth. Tiebout’s public choice model suggests that the voter-consumer will choose to live in a municipality which most closely offers the amenities and services they desire. Further, the public choice model suggests that the greater the number of municipalities, the more likely the consumer-voter will choose “that community which best satisfies his preference pattern for public goods.” In this instance, the number of municipalities is not changed. Rather, it is a question of the potential of the Growth Plan influencing the “pattern of public goods” by affecting the ability of municipalities to deliver public services and competitive tax rates through the imposition of population controls.

Second, the methodology in this report involves a comparative study of three municipalities within the County of Simcoe. The sample municipalities were selected both for their similarities and for their distinct differences. The three selected municipalities share certain characteristics which affect their fiscal balance, namely, they all three border upon the shoreline of Southern Georgian Bay, and they all three host a
high proportion of seasonal cottages and vacation visits. The three municipalities are also distinctly different in that one is a rural municipality being the Township of Tiny, the second was recently a village and is currently realizing a high volume of growth, being the Town of Wasaga Beach, and the third is a long established industrial and recreational municipality offering full services including a hospital and high school, being the Town of Collingwood.

The comparative analysis of Tiny, Wasaga Beach and Collingwood traces their municipal incomes over a ten year period from 2002 to 2012. The purpose of the income comparison is to establish an understanding of their respective budget trends to the present day. The comparative assessment further charts the relationships of annual municipal income against population growth, and age cohort changes over the ten year period. The charts provide a descriptive comparison of both the current fiscal status of each of the three municipalities and also the recent fiscal trends for each type of municipality.

The analysis of each municipality is bolstered through interviews with the Chief Administrative Officers for each of the three sample municipalities. The interview research assesses how each municipality anticipates the impacts, if any, of the Growth Plan population controls. The interview research seeks to determine whether the municipalities expect their fiscal health to be affected, either positively or negatively, by such factors as the delivery of public services, projected capital works improvements such as expansion of water mains or construction of new recreation facilities, and ultimately, annual income through taxation. Each of these factors are related to Tiebout’s ‘pattern of public goods’.

The paper also performs a review of academic studies of the effects of population control within other North American jurisdictions with a focus on the Portland,
Oregon example. In the Portland, Oregon case, urban growth boundary controls have been in effect for nearly thirty years and substantial research has been performed on the resultant effects of the intensification of population within the City of Portland and the impacts upon the areas surrounding the urbanized city centre. Studies have identified the development controls as causing “an affordable housing crisis in Portland” and that those in the market for housing real estate “are willing to pay more for newer houses located in areas of less dense development, with more open space, better views, less traffic congestion, and near amenity locations.” The studies suggest that over time within the County of Simcoe, the control of population through the Growth Plan will impact upon social factors within those municipalities designated as urban growth centres, and will also affect the residential real estate values for those municipalities where growth is restricted.

Finally, the method of analysis compares the ten-year financial trend data for each and the information garnered and the information from the CAO interviews on future growth expectations and strategies against the theory reviews related to the effects of population control within other jurisdictions. The analysis of these three factors is used to develop projections of future financial effects of population growth controls upon each of the three sample municipalities to the year 2031.

This paper serves as a precursor analysis of the impact of the growth regulating legislation. Insofar as Amendment No. 1 to the Growth Plan for the Greater Golden Horseshoe only recently came into effect on January 1, 2012, the true impacts of the legislation upon the fiscal health and the competitive ability of affected municipalities will only become categorically known through the passage of time. Further, the municipal competitive spirit could result in the sample municipalities devising strategies of promoting fiscal health which are not population growth and housing sales reliant.
Through the comparison of the affected municipalities, the research concludes that the Growth Plan growth controls will likely have an impact on municipal finances but their impact is overshadowed by other factors. The three most significant overshadowing factors are: 1) the large seasonal populations which are not accounted for in the Growth Plan policies; 2) that municipalities in Simcoe County are already experiencing financial impacts from over a decade of high growth; 3) that municipal finances are currently stressed and will become more so as they engage in replacing and renewing aging capital assets and infrastructure.
Chapter 2 – Problem Definition

The purpose of this research paper is to assess whether the implementation of growth controls will influence the fiscal health of municipalities. The research is premised on the link between growth and municipal fiscal health. The research focuses on the geographic region of the County of Simcoe. The Province of Ontario has tipped the scale of balance for municipalities within the County of Simcoe through the introduction of legislation in the form of the Places to Grow Act. The prescribed purpose of the Act, which is discussed in greater detail in within Chapter 4, is to regulate both population growth and delivery of services with the purpose of promoting the principles of sustainable development. The effect of the Places to Grow Act is to regulate the ratios of growth between municipalities within the County of Simcoe where certain ‘non-primary settlement area’ municipalities are imposed with growth restrictions and other ‘urban growth centre’ municipalities are promoted for intensification.

Local Municipalities are creatures of the Province inasmuch as they have no standing in the division of authority pursuant to the Constitution Act, 1867. Municipalities are bound by legislation adopted by the Province. The legislation in the form of the GPGGH states that municipalities will amend their Official Plans to comply with the growth controls. The Province of Ontario states the goals of the legislation is to curb sprawl, to direct growth within the urbanized areas of the Greater Golden Horseshoe and to enhance the economic viability of the province.

The Places to Grow Act in its implementing form of The Provincial Growth Plan appears to conflict with the free-market framework within which municipalities are permitted to seek out and incubate new growth. Given that economic growth has a direct relationship with financial health, the legislated Provincial policies appear to place
the non “primary settlement area” municipalities within the County of Simcoe at a competitive disadvantage to other municipalities.

Although local municipalities are required to amend their Official Plans to adopt policies which comply with the growth controls, municipalities may face challenges in remaining in compliance with the legislated population allocation caps. Local municipal government has no authority to regulate immigration or emigration of population. Further, other Acts such as the Strong Communities Through Affordable Housing Act conflict with the Growth Plan for the Greater Golden Horseshoe by allowing second dwelling units in single detached dwellings, where the Growth Plan attempts to restrict population growth by restricting development approvals.

Public Choice theory suggests that competition between municipalities is a normal aspect of a free-market society. Provincially legislated growth policies appear to be in conflict with the overall Western society economic doctrine of free-market and competition as espoused by the Public Choice theory. Local municipalities in Ontario are under pressure to maintain an annual healthy financial status. To do so in the face of cost of living increases, operational costs, and the maintenance and improvement of services to its citizens, municipalities may secure a healthy financial status through either a growing tax base, or through raising taxes upon an existing tax base. The imposition of population caps and growth restrictions may render only the second option of raising taxes against the existing tax base as the primary means of maintaining services to protect and foster a competitive edge against other municipalities.

The conflict between the Provincial legislated policy of population caps and centralization of services to ‘urban settlement areas’ and the economic framework within which municipalities base their financial stability raises the question, “which will be the dominant force guiding the decisions of local level municipalities?” This, in the spirit of
innovation being the mother of invention, should lead to local municipalities seeking ways and means of protecting and or enhancing their ability to enhance growth, thus protecting their fiscal health, and by extension, their competitive ability. A second potential effect of the growth controls is that they may cause municipal finances to improve over time. Thus, the research question is “What influences will the growth controls of the Growth Plan for the Greater Golden Horseshoe have upon the long term financial health of local municipalities within the County of Simcoe?”
Chapter 3 – Methodology

Since Amendment No.1 to the GGHGP was only recently enacted in January of 2013, there is little measureable evidence available to empirically test the thesis question. The research methodology incorporates qualitative research to assess the potential impacts the Places to Grow Act may have upon municipalities within the County of Simcoe. The key variable examined in the research is the imposition of growth restrictions by a governing body upon lower-tier municipalities.

The paper first reviews the purpose and rationale of the Growth Plan for the Greater Golden Horseshoe and in particular incorporates a discussion of the regional population caps initiated through Amendment No. 1 to the Growth Plan. The review of the Growth Plan policies describes the tools of urban growth boundaries and population controls applied in the Growth Plan to control growth in Simcoe County over a projected 20 year time span from 2012 to 2031. The discussion includes a theoretical review of the impacts upon growth and upon housing prices as analysed through the application of an urban growth boundary in Portland, Oregon. The intent in performing a theoretical analysis of existing growth control examples is to draw parallels to the growth control measures applied through the Growth Plan and determine factors which may impact upon the future finances of the three sample municipalities.

The research methodology includes a detailed analysis of three sample municipalities of Tiny Township, The Town of Wasaga Beach, and the Town of Collingwood. The analysis of the three municipalities is performed in two stages. The first stage is a summary of the growth trends for each municipality over a recent ten year period ranging from the census years 2001 to 2011. The ten year period between 2001 and 2011 represent a high growth period within the County of Simcoe. The analysis tracks the population growth against property tax income over the ten year period. The
analysis also examines the population demographics of each municipality to gain an understanding of the age cohorts which most affect the population expansions of the three sample municipalities. The purpose is to establish an understanding of the population growth trends and financial status for each of the three municipalities at the time of implementation of Amendment No.1 to the Growth Plan coming into effect in 2012.

The second stage of the municipal analysis is a qualitative research to assess how each of the three municipalities anticipate changes to their budgets and delivery of services as a result of the legislated growth controls. The qualitative analysis is performed through interview of the Chief Administrative Officer for each of the three sample municipalities. To test the research question, the interview seeks to establish whether, based on either increased or decreased population projections as legislated by the Act, the municipality is planning to adjust their fiscal position, adjust plans for major projects, or anticipates an increase/decrease in level of service over the 20 year period to 2031. The theme of the interview questions is designed to test whether the sample municipalities anticipate the growth controls will impact upon their incomes and budgets, and also, to determine whether the sample municipalities have planned for or adopted policies in preparation for the financial impacts. The interview questions also seek to determine whether the sample municipality anticipates changes to such items as the organizational structure, new capital works projects, and expanded, reduced, or new public services. The CAO interview questions are listed in Appendix ‘A’. It is important to note that for the purpose of this research, ‘financial impact’ refers to the influences and effects of population controls which could be viewed as either positive or negative by the sample municipalities.
Chapter 4 – The Ontario Growth Plan and Amendment No.1

Professional planners have historically promoted the opinion that planning should lead and the market should follow.\(^6\) Thus, planning policy has generally not been guided by the economy. This trend is changing and the creation of policy is more and more guided by a desire to promote economic growth. This is particularly true of policy decisions made at the provincial level and is evident as a prime motivation of the Province of Ontario in the creation of the *Places to Grow Act, 2005*. Blais confirms this trend in identifying that a key pillar of the Places to Grow legislation is the establishment of a strong economy.\(^7\) Other recent Ontario legislation intended to promote a healthy Ontario economy include the *Strong Communities Through Affordable Housing Act, 2010*, and the *Green Energy Act, 2009*.

In June of 2005, the Ontario Ministry of Public Infrastructure and Renewal released a bulletin announcing the enactment of the *Places to Grow Act, 2005*. The bulletin stated the Act is intended to “address the negative effects of urban sprawl and encourage population growth where it is needed”.\(^8\) The bulletin further stated that the Places to Grow Act, 2005 will implement “population projections and allocations – Policies, goals and criteria leading to issues such as intensification and density, land supply”, and “expansions and amendments to urban boundaries”.\(^9\) It is these two growth control criteria, urban growth boundaries and population allocations, which form the basis of study in this paper.

From 2005 to 2014, the Province of Ontario has refined its statements on the purposed of the *Places to Grow Act* and reinforced the importance of the economy such that the Act is intended to guide growth in Ontario by promoting “economic prosperity”,
the “protection of the natural environment”, and the “ability for communities to achieve a high quality of life” for the citizens of Ontario. The Province of Ontario further identifies that Places to Grow serves a threefold purpose in guiding growth as the legislation “sustains a robust economy, promotes a healthy environment and a culture of conservation, and builds complete and strong communities that use land, resources and existing infrastructure efficiently, with amenities and a community infrastructure to support a good quality of life”. The Places to Grow initiative is implemented through the Places to Grow Act, 2005. The Places to Grow Act, 2005, in turn, permits the creation of regional growth plans the first of which is the Growth Plan for the Greater Golden Horseshoe, 2006 (GPGGH). The GPGGH “guides decisions on how land is developed, resources are managed, and public dollars are invested”.

Among other growth related matters, the Growth Plan for the Greater Golden Horseshoe (GPGGH) is intended to “direct growth to built-up areas…while providing strict criteria for settlement area boundary expansions”. The GPGGH defines built-up areas as being primarily ‘urban growth centres’. It is through the policies of the GPGGH that the two key growth controls of population allocation and urban growth boundaries (UGB’s) are implemented. The use of urban growth boundaries is a much studied tool. Peiser identifies that as a policy tool, “for UBG’s to work they must provide sufficient land for future growth, or the growth will leapfrog beyond the UGB as it did in Portland.” The second growth control of the GPGGH of population allocation would appear to address this frailty of the urban growth boundary policy by also applying population controls to stymie the leapfrog effect. However, in the case of the GPGGH, the population allocations are designed to promote a significantly higher density of development within the urban growth boundaries with the urban growth boundary intended to contain the density.
In the context of this report, the GPGGH identifies the Town of Collingwood as being a ‘primary growth centre’ and directs that Collingwood be a focus of urban intensification and as regional focal points for “additional people and jobs” and “for locations for cultural facilities, public institutions, major services, and transit hubs”. The Town of Wasaga Beach is considered an urban area and is defined not as an ‘primary growth centre’ as is Collingwood, but rather as a ‘settlement area’. The Township of Tiny is defined as a ‘rural area’ and is subject to the GPGGH policies which protect the agricultural and environmental strengths of the Township. Thus, the policies of the GPGGH restrict the expansion of the settlement areas and limit the allocation of future population growth in Tiny. The legislation has established ‘built boundaries’ for each of the three sample municipalities. The built boundaries are effectively the same as urban growth boundaries as applied in Portland, Oregon where expansion beyond the built boundaries is not permitted and intensification within the built boundary is required. The GPGGH was revised in 2012 by Amendment No.1 which is designed to control and allocate population within the County of Simcoe.

Through Amendment No.1, the GPGGH legislates that the population of the County of Simcoe shall not exceed 667,000 to the year 2031. Further, Amendment No.1 to the GPGGH imposes population caps on each of the sixteen member municipalities of the County of Simcoe, and upon the two single-tier municipalities of Barrie and Orillia located within the boundaries of the County of Simcoe. Amendment No.1 identifies six of the eighteen municipalities located within the boundaries of the County of Simcoe as ‘primary settlement areas.’ The majority of the legislated population growth is directed to these six municipalities. The remaining twelve municipalities are allocated a minimal amount of population growth to the year 2031.
Collingwood, as a primary settlement area and with a current population of 19,241 is allocated a total population of 33,400 to the year 2031. This translates to a population growth of 14,160 which equates to a 75% expansion of the current population. Wasaga Beach, with a current population of 17,537 is allocated a total population of 27,500 to the year 2031, an increase of 9,963 people or 60% over the 20 span described within the GPGGH. The Township of Tiny, with a current population of 11,232 is allocated a total population of 12,500 to the year 2031, an increase of 1,268 people or 11% over the next 20 years. Implementation of the legislation to regulate population is to be achieved through the planning approvals process. The legislation requires that the Official Plans of the County of Simcoe, and of each affected single-tier and lower-tier municipalities, be brought into compliance with the Growth Plan and adopt policies which restrict the granting of planning approvals beyond the legislated population growth caps.

The allocated population numbers as tallied above are described as specific to the decimal in deference to the GPGGH which allocates specific population totals. The method of implementing and regulating these specific population numbers is through strict controls of development approvals. The County of Simcoe, as the upper-tier government, is tasked with regulating the development approvals for each of the member municipalities within the County. The implementation is performed by determining an average number of people per dwelling each local municipality, then calculating the number of permitted dwellings to reach the allocated population cap per municipality. Planning approvals per municipality are then allowed based on the maximum number of dwellings permitted to reach the 20 year population allocation, an imprecise method at best.
Local municipalities face other challenges in adhering to the population allocations of the GPGGH. First, local municipal government has no authority to regulate immigration or emigration. Municipalities have no legal method of arresting population movements over their borders. This responsibility rests solely with the Federal Government who applies its authority to immigration at the national scale. The Federal Government makes no attempt to control internal movement of population between the provinces or between municipalities.

Second, local municipalities face challenges from conflicting legislation. For instance, *The Strong Communities Through Affordable Housing Act*, which came into force on January 1, 2013, requires all municipalities to permit second dwelling units within single detached dwellings, or garden suites, thereby expanding the amount of housing within a community. The added number of dwelling second units will conceivably add to the population of the municipality and may limit the number of new units which a municipality could approve to the year 2031, being the current regulatory lifespan of *Amendment No. 1*. These impinging factors have not been factored into the legislated population counts of the Growth Plan.

A third factor is seasonal homes or cottages. Many municipalities within the County of Simcoe harbour significant seasonal or cottage populations. The *Places to Grow Act* excludes the seasonal population in the calculation of the legislated population limits. However, as the baby boomer generation continues to retire, many of the retirees are turning their cottages into permanent homes and becoming full-time residents. The full impact of this population transition from seasonal cottagers to permanent citizen is determined with the census Canada cycle every five years.

Fourth, pursuant to Part 4 of the *Ontario Municipal Act*, municipalities in Ontario must make up any shortfalls in their annual budgeted incomes by adjusting their next
annual budget to account for the shortfall. As ‘creatures of the Province’, municipalities are legislated to limited sources of income which include property taxes and fees. The dominant source of income for municipalities is property taxes. Legislated growth restrictions may over time impact upon the tax base of a municipality and require adjustments to the annual mill rate, or alternatively, a reduction of services. Both changes would affect a municipality’s ‘pattern of public goods’. Placing growth limitations on municipalities through population caps is intended to stifle growth, which could, over time, affect the financial status of the municipality, and by extension, alter the ability of municipalities to compete though successive annual income shortfalls.
Chapter 5 – Theory Review of Growth Control Policies

The economist Charles Tiebout in his seminal paper on public choice suggests that individuals will choose to live where they will realize their preferred municipal services and specifically that “The consumer-voter may be viewed as picking that community which best satisfies his preference pattern for public goods.” (underline added for emphasis) The research design of this paper is less targeted on consumer choice and is more focused on the pattern of public goods that a municipality may offer.

Tiebout’s model states that a function of the exercise of choice performed by the consumer-voter of where they will live is guided by the type and level of public services provided by local government. The underlying assumption of the model is that local-municipalities, much like private enterprise, will compete to secure the choice of the consumer-resident as a place to live. By extension, in a market economy, insofar as growth is related to financial health, local municipalities which garner a healthier economy and financial status will also garner the public choice of the citizen-consumer. Peterson notes that “smaller communities are always seeking to expand – boosterism may be the quintessential characteristic of small-town America.” Peterson goes to say that “In the market economy that characterizes Western society, an advantageous economic position means a competitive edge in the production and distribution of desired commodities relative to other localities.” In the simplest of terms, municipal growth is associated with municipal competitive edge.

Sancton correctly points out that the Public Choice model fails to account for other factors which also influence the consumer-voter decision of where to live. For instance, factors such as distance to work for income earners, proximity to family, little
knowledge of taxation rates between municipalities, and the prohibitive costs of moving versus the marginal gains in payable tax levels.22 Real estate transactions are highly influenced by the buyer’s employment location, financial status, ability to pay, family needs, and the type of housing product available in the local housing market. A municipality experiencing growth should naturally offer a wider variety of housing product thus providing the consumer with greater choice ranging from recently constructed homes to older established homes as well as a variety of housing types from estate residential, to townhouses and apartments. A municipality with a low rate of growth may not offer a selection of newer housing product and may have limited availability in the varieties of housing product in choice of habitation to the consumer-citizen. Thus, a municipality experiencing healthy rates of growth may possess the competitive edge over slower growing municipalities.

In 2002, Kelleher and Lowery tested Tiebout’s public choice theory against the theory that access to citizen-taxpayers choice is affected by access to housing markets. Their study showed that “Tiebout’s expectations might be satisfied for only a subset of [municipal] services sufficiently salient to motivate sorting” whereas, their findings supported the theory that access to housing markets had a much greater impact upon public choice.23

The Act appears to hinder those factors espoused by Public Choice theory by placing competitive restrictions upon those local municipalities not identified as ‘primary settlement areas’. This is particularly true relative to the legislated population caps and the potential to effect of the ability of municipalities to compete for population growth and, over time, to maintain a healthy fiscal population. Simply stated, the goals of the Growth Plan are to direct growth to the seven ‘primary settlement areas’ within Simcoe County and to restrict significant growth from occurring in the remaining twelve
municipalities. The Growth Plan for the Greater Golden Horseshoe further directs that Provincial funds for infrastructure improvements and the development of services will be primarily directed to the seven “primary settlement areas”. The Province, in directing public funds to the ‘growth municipalities’, is tipping the balance of equity of services away from the ‘non-primary settlement area municipalities’, and towards the “primary settlement areas”.

As described earlier in this paper, the two variants introduced through the GPGGH which appear to present the highest impact upon the ability of local government to compete are the introduction of urban growth boundaries and the allocation of population caps. Blais describes the policy effects of the urban growth boundary as being akin to the wall surrounding medieval cities. Development is contained within the city walls. The growth plan fortifies the purpose of the wall by directing that future population growth also be contained within the city walls. In recognizing that one of the main tenets of the Government of Ontario in implementing the Places to Grow Act, 2005 is to foster economic vitality for Ontario, it is interesting to note that economist generally do not support urban growth boundaries for the reason that “they inflict …distortionary effects upon the market, such as increased house prices”.

Jaeger, Plantinga, and Grout identify that policies which regulate the use of land result in property values being affected in one of three ways, through restriction effects, scarcity effects, and amenity effects. The traits of these three market effects can be expected to present over time in the County of Simcoe housing market as a result of the growth restriction policies of the GPGGH.

With ‘restriction effects’, the land use policies result in lands not being developed to their highest and best use based on market demand. Planners often use the term ‘highest and best use of land’ in their recommendation reports. The term highest and
best use is based upon economic principles of market demand. Based on the policies of the GPGGH, the UGB is intended to constrain sprawl growth. Those lands on the exterior border of the UGB are excluded from being developed to their highest and best use due to the restriction of market demand effect of the UGB. As a result, the value of lands exterior to the UGB, and most notably those lands immediately abutting the exterior of the UGB, would be expected to decrease in value. This factor may present itself to greater effect to the value of land in both Collingwood and Wasaga Beach as both municipalities have defined urban cores contained by the UGB and undeveloped rural lands outside of the UGB. Tiny is characterized as predominantly comprised of agricultural lands, forested tracks, significant wetlands, cottage communities along the Georgian Bay shoreline, and three small cross-road settlements. The restrictive effect will likely have little effect upon the value of the majority lands in Tiny as their highest and best use as agricultural and natural heritage lands have already been realized. The restrictive effect may occur to some limited effect to those lands which abut the three cross-road settlements of Wyevale, Perkinsfield, and Lafontaine.

The “scarcity effect” refers to a market impact which occurs throughout the housing market. In addition to imposing land use policies which prescribe both urban growth boundaries and population allocations, the GPGGH also legislates that by the year 2015, an annual minimum of 40% of new housing is to be installed within the built-up area or within the UGB. The intended result of the 40% intensification policy is to promote higher density use of land. The higher density use of land translates to planning approvals within the urban areas of higher density forms of housing such as apartment buildings, townhouse, and single detached dwellings with much reduced lot frontage. As Blais notes, since the end of World War II, there has existed a consistent demand in the market place for single detached housing.28 This market demand is not
expected to dissipate. Boyko and Cooper note that “research has shown, on average, people have a preference for lower versus higher density housing, or have negative reactions to higher densities in existing urban areas.”29 The intensification policy requirement of the GPGHH that 40% of annual housing be installed within the urban area will result in a diminution of the creation of the number of large estate lots. In effect, the policy will promote a scarcity of large lots to serve market demand. Currently, both Wasaga Beach and Tiny host a high percentage of large lot single detached housing. Lots with 100 foot frontages and 100 foot depths are not uncommon in either of these municipalities. The historic reason for this lot fabric is that until recently, within the past decade, lots in these municipalities were serviced with private water and private sewer services which means on-site drilled wells and septic systems. Per Ministry of Health requirements, a lot area of 100 feet by 100 feet is the minimum permitted lot size to accommodate private water and sewer services. Tiny also has multiple residential estate lot communities where each lot within the subdivision is on average 1 acre in area. The 1 acre estate lots have been subject to high demand in the housing market place. Over the past 15 years, Tiny has brought municipal water services to its cross-roads settlements, cottage communities, and subdivision communities. Over this same period of time, Wasaga Beach has aggressively moved to service all lots within its boundaries with municipal water and sewer services. This aggressive servicing approach has triggered a great deal of development growth in the form of primarily single detached housing products on 50 foot frontages. In the current market, a 50 foot wide lot is considered a large lot. Collingwood also has a supply of estate lots, although the supply is limited. Based on the intensification policies of the GPGGH, the scarcity effect can be expected to increase demand for the supply of both estate lots and large frontage lots in all three of the sample communities with both Wasaga Beach and Tiny expected to be the bigger beneficiaries of the effect.
The “amenity effect” results from the introduction of land use regulations which protect desirable features and create a positive market effect.\textsuperscript{30} Examples range from the protection of forested tracts and environmentally sensitive lands, to the protection of the vista to a natural feature such as a river or lake. The amenity effect also refers to policies which exclude the introduction of undesirable uses into a community thus protecting the market value of existing uses. For instance, the GPGGH directs that natural heritage and agricultural lands be protected from development. For Tiny, the amenity effect reflects the policy of protection of farmlands from encroaching and sprawling housing development. The policy results in an amenity effect upon farmland by reducing conflicts from encroaching housing development. The conflicts are described within the Ministry of the Environment ‘Agricultural Separation Distances’ which prescribes minimum separation distances between farm uses and housing developments based upon the farm impacts of noise, smell, dust, and vibration. The GPGGH, by restricting development from occurring on agricultural lands eliminates the potential conflict and thus the policy results as an amenity affect beneficial to the farm properties in protecting the value of the farmland. In this regard, this aspect of the amenity effect is most beneficial to Tiny.

The effects of urban growth boundaries upon the real estate prices and on housing costs are well studied through the Portland, Oregon example, where urban growth boundaries (UGB) have been in place since 1979. Early on in the analysis of the effects of the Portland UGB, it was generally accepted that the land use policy did have an effect upon housing prices.\textsuperscript{31} Blais notes that research results on the topic of the UGB range from the UGB causing an increase in the value of real estate resulting in a decline of housing affordability, to the UGB having minimal long-term effects on housing costs.\textsuperscript{32} Blais also notes that economists generally agree that the effect of a UGB on the
market is dependent upon the placement of the UGB boundary around the urban core. Installing the UGB close to the urban core results in a higher impact upon the real estate market as less land is available to supply the housing demand which results in higher cost of housing and higher density of development. Installing the UGB at a distance from the urban core has less of an effect on the real estate market as more land internal to the UGB is available for development. The Portland, Oregon UGB is installed in a regional context and managed by a regional authority called the Land Conservation and Development Commission (LCDC) comprised of representation from the multiple member municipalities affected by the UGB. The Portland, Oregon UGB was initially installed in a location which included future development land within its boundaries. In contrast, the GPGGH has established tighter UGB controls in the County of Simcoe such that the UGB boundary encompasses only built urban areas and lands currently designated for development. Also, the Portland, Oregon example requires that cities maintain a 20 year supply of vacant land within their UGB’s and that the UGB boundary is expected to expand over time to maintain the 20 year supply. In contrast, the GPGGH does not contemplate the future expansion of the UGB’s around urban areas stating only that the Minister of Infrastructure may from time to time ‘consider’ a review of the UGB. Nonetheless, the 2014 Provincial Policy Statement for the Province of Ontario requires municipalities to maintain a five year supply of housing approvals to meet market demands.

Further to the discussion of amenity effect, above, in the Portland, Oregon example, research by Wu, Adams and Plantinga has shown that the value of land increased in both demand and value where the land was first, outside of the development intensification area, and second, where the land enjoyed amenities such as a “less dense development, more open space, better views, less traffic congestion, and
near amenity locations\textsuperscript{34}. The amenity locations described in the Wu, et. al. research refers to oceans, lakes or rivers, and natural features such as parks and forests. In the context of the three sample communities, at first glance the amenity of ‘nearness to ocean and lakes’ would seem to be equal to each to the three communities given that they all three border onto the shores of Georgian Bay in Lake Huron. However, Wasaga Beach enjoys a greater benefit from the amenity effect for the reason that the shore of Georgian Bay in both Collingwood and Tiny is predominantly via private access, whereas in Wasaga Beach, 95% of the entire 15 kilometre long shoreline of the Wasaga Beach waterfront is a public access beach. Thus, the amenity is available to all citizens which is a factor in the marketing of housing products in Wasaga Beach. With regard to open space, natural heritage, and forest systems, Collingwood is the most compact and primarily urban built municipality with waterfront public parks. Tiny, contrary to its name, is a large township with 70 kilometres of shoreline along Georgian Bay. Tiny has relatively few public beaches, some large forest tracts with defined trails, and a significant heritage feature in the form of Tiny Marsh. The geology of the northern portion of Tiny is of glacial till which results in high rolling lands with spectacular views over valley lands and over Georgian Bay. However, further development of these lands is restricted per the rural and agricultural protection policies of the GPGGH. Wasaga Beach is unique in that the majority of homes in the municipality enjoy proximity to natural amenity features. The built area of Wasaga Beach is linear in the sense that it is built along the sixteen kilometre long south shore of Georgian Bay and is on average only two kilometers deep and four kilometres deep at its maximum built area. The municipality is host to two inland lakes, a river which meanders through a large portion of the Town, and approximately one third of the municipality is comprised of contiguous mature forest set on an inland dune system. Thus the Town hosts a large percentage of properties which enjoy either river or lake waterfront, or back onto large forested tracks.
With its origins as a cottage Town, the municipality is criss-crossed with trail systems which link to the beach on Georgian Bay or to the forest tracts. These existing natural amenity features would suggest that a large percentage of dwellings in Wasaga Beach enjoy the amenities described by Wu, Adams, and Plantinga, and property values in Wasaga Beach would benefit from the amenity effects.

Per the population allocation numbers of the GPGGH, of the three sample municipalities, Collingwood will realize the highest amount of intensification within its UGB boundaries. Based on the allocated population numbers, Collingwood is expected to almost double its population by the year 2031. Of the three sample municipalities, Collingwood is also the most urban in design with the streets laid out in a grid pattern and with a central commercial core surrounded by low, medium and high density housing, and at its fringes suburban neighbourhoods mixed with rural estate neighbourhoods.

The simple rationale often cited in the argument for higher density of development is that, when compared against the costs of sprawl, higher density development results in reduced costs for both capital and operational budgets since density requires less infrastructure such as roads, and water and sewer pipes, to construct and service. However, notwithstanding the argument that densification of development is less costly than sprawl, there exists a relationship between increase in urban density and increase to the cost to provide public services. Research has identified that there is an increase in the cost of public services when other factors are brought into the equation. For instance, additional infrastructure such as traffic lights and transit busses are required, and more police are required based on higher incidence of crime related to the higher population densities. In short, the cost relationship between population density and municipal spending involves more than the economy of
scale in the calculation of the ratio of linear costs for roadways and pipes per person. In her research on the fiscal impacts of population growth, Ladd identifies that “Population density appears to be a key determinant. To the extent that it puts upward pressure on land prices and that it adversely affects the environment for providing public services, a rise in population density will increase costs, and, provided demand is inelastic with respect to price, also per capita spending.”

In her research on the relationship between increase in population density and public service costs, Ladd also notes that “except in sparsely populated areas, higher density typically increases public sector spending.” Ladd’s research conducted an analysis comparing density calculated as persons per square mile against the per capita spending of the municipality. Ladd concluded that when population density ranges from 250 persons per square mile to 1,250 persons per square mile, the cost of providing public services rises with the increase in density and “extremely high density is associated with substantially higher spending.” Table 1 below describes the current 2011 population densities and GPGGH allocated population densities for each of the municipalities of Tiny, Wasaga Beach, and Collingwood.

**Table 1. Population Densities per Square Mile**

<table>
<thead>
<tr>
<th>Area</th>
<th>Population 2011</th>
<th>Density 2011 (persons per square mile)</th>
<th>Population 2031</th>
<th>Density 2031 (persons per square mile)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tiny</td>
<td>130.05 miles²</td>
<td>11,232</td>
<td>86</td>
<td>12,500</td>
</tr>
<tr>
<td>Wasaga Beach</td>
<td>22.56 miles²</td>
<td>17,537</td>
<td>777</td>
<td>27,500</td>
</tr>
<tr>
<td>Collingwood</td>
<td>12.92 miles²</td>
<td>19,241</td>
<td>1,489</td>
<td>33,400</td>
</tr>
</tbody>
</table>

Source: Statistics Canada

Using the 2011 population census and the 2031 GPGGH allocated population numbers, the population densities for Tiny fall below 250 persons per square mile and show a minor change in population density from 2011 to 2031. Based upon the relatively inconsequential increase in population density over the next 20 years, the growth
controls of the GPGGH are not expected to represent a significant impact upon public service spending in Tiny Township. The Town of Wasaga Beach density figures which range from 777 persons per square mile in 2011 to 1,219 persons per square mile in 2031 fall squarely within the 250 to 1,250 population density range where Ladd’s research concluded population growth would result in higher levels of public spending. The Town of Collingwood densities range from 1,489 persons per square mile in 2011 increase significantly to 2,585 persons per square mile in 2031. Thus, based upon Ladd’s research, Collingwood can anticipate a substantial increase in public service spending over the next 20 years.
Chapter 6 – Theory Review of Municipal Finance

The Ontario Municipal Act does not permit municipalities to apply deficit budgeting in their financial planning. On those occasions where an annual deficit occurs, the Municipal Act requires that “In preparing the budget for a year, the local Municipality, shall provide for any deficit of any previous year”.40 The legislative requirement reinforces the importance of the research question since the effects of the Growth Plan land use growth controls upon municipal finances within the County of Simcoe are not currently known. As described in the previous section, current research would suggest that the effect of population controls may well impact upon both annual municipal revenue and costs.

Cho, et. al., in their research on the effects of land use regulations upon municipal finances determined two key items relevant to the Growth Control policies and their effect upon municipalities in the County. First, Cho, et. al. determined that in response to those areas realizing high levels of growth, upper tiers of government will take action and adopt land use regulations to control land development within those high growth areas.41 Their research was published in 2003 and their conclusion foreshadowed the purpose and effect of the Growth Plan policies. Second, Cho, et. al. determined that the introduction of growth control land use regulations resulted in an increase to public service costs in the short term along with an increase to new housing prices.42 The accuracy of their first conclusion would suggest their second conclusion foreshadows the result of the research question. In effect, that the growth control policies will have an effect upon the finances of municipalities within Simcoe County such that municipal public service spending will increase, and market values will also increase resulting in higher market value assessment and increased municipal tax revenues.
Chapter 7 – A Comparison of Three Municipalities

To better understand the possible future impacts of the Growth Plan land use controls upon local municipal finances it is necessary to establish an understanding of the current demographic and financial status of the three sample municipalities. The research conclusions of Cho, et. al., that growth results in the implementation of stricter land use regulations, along with the adoption of the Growth Plan for the Greater Golden Horseshoe and in particular the population allocations in Simcoe County, confirm the high rate of growth Simcoe County has experienced over the last decade. Chart No. 1 describes the rate of growth for each of the three sample municipalities of Tiny, Wasaga Beach, and Collingwood. Between the census years 2001 and 2011, both Collingwood and Wasaga Beach realized a high rate of growth and Tiny enjoyed a moderate rate of growth yet significant for a rural municipality. The allocated Growth Plan population numbers are also inserted into the graph and project both Collingwood and Wasaga Beach with significant population growth increases to the year 2031. In contrast, the Growth Plan allocates to Tiny a minimal amount of population growth. Chart No.2 below is read in concert with Chart No.1.

Chart No.2 graphs the change in property tax revenue for each of the three sample municipalities for the census years 2001, 2006, and 2011. Of interest is the substantial increase in tax revenue for both Collingwood and Wasaga Beach between the census years 2006 and 2011 in comparison to the population increase for that same period. The higher ratio of the tax revenue increase would suggest that the growth also resulted in higher land values leading to an increase in market value assessment and higher property tax revenue.
A further distinction of each of the three sample municipalities is that they all three are host to a higher than average population of age groups 45 years and older.
In addition, the ratio of the older age groups is expanding at a greater rate than the younger age groups. This would suggest that immigration into Simcoe County is influenced by the baby boomer cohort choosing to retire to an area with affordable housing prices and abundant natural amenities. Table 2 below shows that the median age in all three municipalities is higher than that of both Ontario and Canada. Further, from the census years 2006 to 2011, the median age in all three sample municipalities has risen.

Table 2. Median Age, 2011 Census – Tiny, Wasaga Beach and Collingwood

<table>
<thead>
<tr>
<th>Median Age</th>
<th>Tiny</th>
<th>Wasaga Beach</th>
<th>Collingwood</th>
<th>Ontario</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>46.9</td>
<td>48.8</td>
<td>44.4</td>
<td>39.0</td>
<td>39.5</td>
</tr>
<tr>
<td>2011</td>
<td>50.3</td>
<td>52.6</td>
<td>47.0</td>
<td>40.4</td>
<td>40.6</td>
</tr>
</tbody>
</table>

Source: Statistics Canada

Charts 3, 4, and 5 below, show that over the last decade the age groups above 45 years display the highest and most consistent rate of growth suggesting that immigration into the communities is primarily from the baby boomer cohort.

The rise in the median age in Simcoe County could possibly be attributed to a loss of population in the younger age cohorts as part of the trend of youth moving to large urban centres for employment and education, and the older age groups transferring from one cohort to the next higher over the measured decade. However, Charts 3, 4 and 5 indicate that in the three sample municipalities the younger age groups are showing modest growth. In addition, the age groups from 45+ years are growing in Tiny, Wasaga Beach, and Collingwood at a faster rate than the provincial average. This would suggest that the growth in the past decade has largely been affected by the baby boomer generation. It may also suggest that with the tail end of the baby boomer
generation nearing retirement over the next decade the influx of immigration of the older age cohorts into the Simcoe region may decelerate.

Summary of CAO Interviews

Since the implementation of Amendment No.1 to the Growth Plan only recently came in effect in January of 2012, there is little quantifiable data available to measure the effect of the growth control policies upon municipal finances. To assess whether the growth plan policies might have an effect on municipal finances, interviews were arranged with the CAO’s of each of the three sample municipalities. The interview questions were devised on three themes to assess whether the municipalities are concerned that the growth controls may have an impact, either positive or negative, upon their future financial situations. The list of CAO interview questions is attached as Appendix ‘A’ to this report. The transcribed CAO interview responses are attached as Appendix ‘B’ to this report. The three lines of questioning are summarized as follows:

1- Does the municipality expect to meet the allocated population threshold over the 20 year window?  
2- Does the municipality expect the population controls to affect their finances, either positively or negatively, over the 20 year threshold?  
3- Has the municipality taken any action to plan for changes to its finances resulting from the growth control measures?

Table 3. below summarizes the CAO responses on whether the municipality expected to either under-achieve, achieve, or over-achieve the allocated population caps to the year 2031.
Table 3. Summary of CAO Responses, Population Allocations

<table>
<thead>
<tr>
<th>Does the Municipality expect to reach the population allocation by 2031?</th>
<th>Tiny</th>
<th>Wasaga Beach</th>
<th>Collingwood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent population has already surpassed the allocated population.</td>
<td>Will achieve the allocated permanent population level provided growth continues unabated.</td>
<td>Will not achieve the allocated permanent population levels based on current growth rate.</td>
<td></td>
</tr>
<tr>
<td>Does the municipality track the number of seasonal dwellings?</td>
<td>No. Seasonal population is estimated to be 52% of total population. Current combined permanent and seasonal population estimated to be approximately 26,000.</td>
<td>No. Seasonal population estimated to number 6,000 in addition to permanent population.</td>
<td>No. Seasonal population estimated to be 22% in excess of permanent population. Permanent population in 2031 expected to be 27,500 with additional 7,500 seasonal.</td>
</tr>
<tr>
<td>Does the municipality track the number of second dwelling units?</td>
<td>Yes. Very low number of legal second units.</td>
<td>Yes. Beginning in 2014. Currently one or two legal second units recorded.</td>
<td>Yes. Total of 35 since 2010. Town does not track illegal second units.</td>
</tr>
</tbody>
</table>

The first level of questions revealed that the seasonal populations in each of the three municipalities represent a significant factor in their growth numbers. They all three independently acknowledged that the Province’s growth control policies ignore the seasonal population and that the seasonal population represents a significant market force in each of the three communities. Note that seasonal population means the owner’s primary address is outside of Tiny, Wasaga Beach, or Collingwood. Also, the census population data does not tally the seasonal population of the municipality.

Tiny responded that the municipality has already greatly exceeded the allocated population threshold of 12,500. The CAO from Tiny identified that the municipality espouses an anti-growth philosophy and that growth in the municipality is largely in the form of shoreline development. Even so, Tiny estimates that “the current population of seasonal residents combined with permanent residents is 26,000 people”. Based on this estimation, using the allocated permanent population maximum of 12,500, the population ratio in Tiny is comprised of 48% permanent and 52% seasonal residents. This represents a current seasonal population of approximately 13,500 who are not accounted for in the Growth Plan policies.
Wasaga Beach expects that it will achieve the population threshold of 27,500 to the year 2031. The CAO for Wasaga Beach identified that the municipality estimates that it currently hosts a seasonal population of approximately 6,000 people. The 2011 census identified the permanent population of the Town to be 17,537. The seasonal population brings the actual population to 23,500. The CAO identified that it projects growth based upon the number of building permits issued and the Town does not make a distinction between a permanent or seasonal residence when issuing permits. In projecting that the Town will meet the allocated population threshold of 27,500 to the year 2031, the threshold number does not include the estimated 6,000 seasonal residents which will bring the actual population to an estimated 33,500 based on fluctuations of the seasonal population over time.

The CAO from Collingwood identified that based on current growth projections the municipality would grow to a permanent population of 27,500 by 2031 and not achieve the allocated population of 33,400. However, Collingwood estimates that approximately 22% of its population is seasonal and these numbers are not tallied within the permanent population numbers. With the additional seasonal population factored in, Collingwood anticipates that the total population count will be approximately 35,000 in 2031. The CAO further noted that the seasonal property owners represent a financial benefit to the Town. He explains that the seasonal population in the Collingwood market have primarily invested in condominium properties which pay the same tax rate as freehold properties but place less of a burden on Town services since the condominiums clear their own roads in the winter and arrange for private garbage pick-up.

What is evident from the first theme of CAO interview questions is that the seasonal populations in each of the three municipalities represent a significant component of their total population.
The second theme of questions in the CAO interviews sought to determine whether the municipalities hold expectations that the growth controls of the Growth Plan would have any impact, either positive or negative, upon their future financial status. Table 4. below summarizes the CAO responses with regard to municipal anticipation of future financial factors related to the growth controls.

**Table 4. Summary of CAO Responses – Financial Impacts**

<table>
<thead>
<tr>
<th>Does the municipality anticipate the growth controls will result in positive or negative financial impacts?</th>
<th>Tiny</th>
<th>Wasaga Beach</th>
<th>Collingwood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes - but minimally relative to other factors. Concerned that building permits are trending down. Seasonal residents are not pro-development. Aging infrastructure needs replacement. Financial strain anticipated in five years per combination of capital asset replacement costs and less OMPF grants. The positive is Tiny assessment continues to grow.</td>
<td>The Town will be o.k. Anticipated tax revenue from 300 new units/yr will maintain a low tax rate. W.B. is an attractive community because tax rates are low and we provide good services from a lifestyle perspective.</td>
<td>Yes – minimally relative to other factors but not expected to hurt Town finances. Town just completed an Asset Mgmt Plan – need $230 Million to build and maintain capital assets. Pause in growth due to growth controls is welcome, will defer costly capital works. Town should encourage local industry. Town does not want large factories which are not a good fit.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Does the municipality anticipate the growth controls will affect financial ability to finance future capital needs?</th>
<th>Tiny</th>
<th>Wasaga Beach</th>
<th>Collingwood</th>
</tr>
</thead>
<tbody>
<tr>
<td>No direct link to growth controls. Greater concern is decline in growth and aging infrastructure needing replacement. Replacement costs will place pressure on tax rates – likely capital levies will be imposed. Likely not a concern to seasonal residents since they can afford a second residence. May further affect growth as marginal earners and lower income population may not invest in growth.</td>
<td>No. Infrastructure is fairly new – no real need to replace. Sewage plant only 20 yrs. with capacity for 37,000 pop. - requires only maintenance. Water capacity is excellent, third municipal well already drilled and need only to bring online. New roads paid for through development charges. Town in good shape, has 20 years+ to allocate funds to future Asset Mgmt Plan.</td>
<td>Yes. CAO questions the Town’s ability to afford future growth. But growth controls are only a small part of a bigger financial picture. Collingwood needs to be very careful about growth and be conscious of future costs of growth.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Does the municipality anticipate changes to the delivery of services related to growth controls?</th>
<th>Tiny</th>
<th>Wasaga Beach</th>
<th>Collingwood</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Growth Plan largely ignored because policies not relevant to Tiny. Greater financial impacts expected from downloading from Provincial debt, 21% increase in OPP costs, and underfunded capital assets. Taxes will go up.</td>
<td>Yes. Anticipate increase to recreational floor space. Library new or expanded already identified. Will require 3rd fire hall. New facilities not anticipated to adversely stress Town finances. Police, water/sewer not a future servicing concern.</td>
<td>Yes. Increase in transit service, new recreation needed, and expansion of trail linkages. Transit should become a County service or enjoy County subsidy. A new fire hall just built plus new $12 Million recreation centre. Anticipate performing value for money study to look for efficiencies in services.</td>
<td></td>
</tr>
</tbody>
</table>
The dominant theme in the CAO responses to the anticipated financial impacts of the growth control policies is that they will have an effect on municipal finances, albeit a minimal effect. Both Tiny and Collingwood have older infrastructure in need of modernizing. Tiny, with a minimal population allocation, is concerned that a downturn in their growth will significantly affect the cost to the existing taxpayers as a funding source for the impending infrastructure improvements. The CAO of Tiny noted that the municipality is currently experiencing a downturn in the number of building permits issued, but relates the drop in the number of building permits more to a downturn in the economy than to the limitations of the legislated population allocation. Tiny expects to impose area specific capital levies based on the required infrastructure improvements.

In contrast, Collingwood, which the Growth Plan identifies as a growth centre, would prefer a pause in growth to allow it the time to financial prepare for their future infrastructure needs which are significant and estimated to cost $230 Million. Collingwood will be in the near future performing a ‘value for money’ study to seek efficiencies in the delivery of public services. Wasaga Beach, having only recently installed infrastructure to service a burgeoning population, does not anticipate an adverse financial impact from either the growth plan policies or to the cost of replacing or upgrading its capital assets.

The third theme of questions in the CAO interviews sought to determine whether the municipalities have taken action, or have planned for changes to their finances in response to anticipated impacts from the growth controls. Table 5. below summarizes the CAO responses.
Table 5. Summary of CAO Responses – Planning for Financial Adjustments

<table>
<thead>
<tr>
<th></th>
<th>Tiny</th>
<th>Wasaga Beach</th>
<th>Collingwood</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Has the municipality devised a financial strategy in response to anticipated growth control effects?</strong></td>
<td>No.</td>
<td>Yes.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Tiny: It is critical that Tiny devise a strategy. Capital asset studies are completed – capital replacement required in 3 years. Capital funding is critical to capital replacement. Tiny can’t avoid performing long range strategic priorities.</td>
<td></td>
<td>Town will evaluate its population threshold every 5 years. Wasaga Beach has sewage capacity for 37,000. Growth Plan cap of 27,500 means growth capacity is underused. Town has room to grow and expects future re-evaluation of population allocations and expects Wasaga Beach population allocation to rise.</td>
<td>Collingwood recently assessed by BMA. The Town’s debt level ratio is high. Recently funded Recreational complex through borrowing and 50% sale of public utilities – not taxes. It will be difficult to provide services as infrastructure debt rises. Town will find it difficult to continue to subsidize services and maintain operational increases – also facing uncontrollable costs of OPP, inflation, gasoline, insurance. Strategy is to review current services and adapt to those which are a good fit for Collingwood.</td>
</tr>
<tr>
<td><strong>Does the municipality prepare capital growth forecasts which are linked to the population allocations?</strong></td>
<td>No.</td>
<td>Yes.</td>
<td>No.</td>
</tr>
<tr>
<td>Tiny: Waiting for the County to ratify growth plan policies with Province at OMB. Even then, growth plan policies likely have little impact on pending capital improvements and provision of public services.</td>
<td></td>
<td>Water and Sewer = 20 year forecast. All other capital works = 10 year forecast. Future roads improvements and park expansions tied to population growth projections.</td>
<td>Capital budgeting is currently performed through the annual budget process.</td>
</tr>
</tbody>
</table>

Both Tiny and Collingwood anticipate difficulties in paying for future capital projects. Tiny acknowledges that the municipality needs to devise a strategy to fund needed capital improvements. Collingwood responded that there is a strategy but that the strategy is currently restricted to refining the level of future public services. Wasaga Beach has long-term 10 year and 20 year capital forecasts which are directly linked to growth projections. Both Tiny and Collingwood, with aging infrastructure, are less concerned about the impact the growth controls may have upon their finances. Both Tiny and Collingwood are more focused on their impending shortfalls of income in the face of limited room for tax increases. Neither municipality view the Growth Plan growth control measures as a significant factor in their ability to pay for anticipated infrastructure improvements. The Town of Wasaga Beach is the exception and has tied long term
Capital forecasts to the allocated growth projections. In addition, because its infrastructure is relatively new, the Town of Wasaga Beach is confident that it is capable of funding future capital needs while maintaining low property tax rates.
Chapter 8 – Summary of Findings and Analysis

The research would indicate that there is a causal link between the growth controls and municipal finances. However, the causal link is largely couched within three existing factors which dominate as causal factors. The first dominant factor is that all three sample municipalities have realized a healthy growth rate and an increase in property assessments over the last decade. As a result, their financial budgeting decisions already factor the costs of providing expanded services to their growing populations. Since the population allocations for both Collingwood and Wasaga Beach continue to project growth to the year 2031, it is difficult to discern through a qualitative analysis if the effects on finances are simply a continuation of adjusting the budget as a result of growth, or whether the budget adjustments are related to allocated growth. In the absence of data gained through quantitative research designed to refine the measurement of the impacts of the growth controls on municipal finances, the qualitative research performed within this study is insufficient to determine a definitive causal link between the Growth Plan growth controls and future financial impacts.

The second dominant factor is the acute awareness of each of the three sample municipalities of their future capital asset needs. For all three municipalities, capital asset needs are triggered by growth, and in both Tiny and Collingwood, capital asset needs are also related to aging infrastructure in need of replacement or upgrades. In Tiny, the municipality is currently ignoring the population allocations of the Growth Plan on the basis that their growth is primarily in the form of seasonal residents who are not tallied in the growth control population counts. Collingwood does not expect to achieve the growth levels allocated through the growth plan based on permanent population, but will achieve the allocated total with the inclusion of its seasonal population. Collingwood would prefer a respite from growth to allow it the time to put in place a financial plan to
pay for its future capital asset needs. Collingwood is also considering refining the services it provides in the face of a funding deficit for new and upgraded capital assets. Only Wasaga Beach has projected the Town’s future capital assets needs based on population growth. The Town’s population projections preceded the implementation of the Growth Plan growth controls and the Town expects to surpass the allocated population cap without a significant impact on its financial abilities. All three municipalities consider the population controls as a weak force upon their future finances.

The third factor is that all three municipalities are host to significant seasonal populations which skew the Growth Plan population allocations. The effect of the seasonal population on the finances of each of the three sample municipalities is not insignificant. None of the three sample municipalities track the number of seasonal dwellings which are converted to permanent residences. Although not identified within the CAO response Tables above, both Tiny and Collingwood are concerned that, although their seasonal residents are able to pay higher taxes, their permanent populations are lower income earners and their ability to absorb a tax hike is limited. This point is made by both the Tiny and Collingwood CAO’s in the Appendix ‘B’ - Summary of Interview Minutes.

Another factor which may affect future growth trends in Simcoe County is the pending diminution of the baby-boomer cohort immigrating into the County. The tail-end of the heavily populated cohort is due to retire within the next decade and as a result, barring growth from other age cohorts, growth over the 20 span of the GPGGH in Simcoe Count may also diminish despite the application of the Growth Plan growth control policies. Thus, any causal link between the growth controls and municipal
finances may be further diminished through a reduction of the number of future retirees making Simcoe County their permanent home.

Based on the interview data, market value of real estate in each of the three municipalities is expected to continue to increase. Research on other jurisdictions such as Portland, Oregon would suggest that Collingwood will realize higher property values due to the much higher population density, and may also realize other high density impacts such as affordable housing. Thus Collingwood’s property tax revenue is expected to increase and cost of delivery of services inclusive of capital and operations will also increase. The Town of Wasaga Beach appears to be in a favourable financial position to manage growth in terms of age of infrastructure, ability to pay for future infrastructure, provision of public services, and maintaining a reasonable tax rate. This favourable position is supported through research by Blais which suggests that there will continue to be a demand for large lot single detached housing, and research by Wu, Adams, and Plantinga which concluded that where urban growth boundaries forced higher densities within the boundaries, demand and market value for large lots associated with open space and recreational amenities would rise.

In considering the applicability of public choice theory, and in particular the aspect of “preference pattern for public goods”, the theory research and the CAO interview results would suggest that over the next decade and possibly longer, the Town of Wasaga Beach is well situated to better present a broader range of public services to reflect the demands of its current and future consumer-voter. By contrast, due to impending cost constraints, the Town of Collingwood may limit the public services it provides. This is evident in the comments by the CAO of Collingwood to the effect that to balance the impending asset management costs, Collingwood will undergo a ‘value
for money’ review with the end result possibly leading to a refinement of public services. Thus the ‘preference pattern for public goods’ in Collingwood may see a reduction.

In Tiny, where the seasonal population has already vastly overwhelmed the Growth Plan population allocation numbers, and where the seasonal population advocates an anti-development approach to governance, it would appear that the growth controls have a minimal if negligible effect on the Township’s finances. The larger effect on Tiny’s future finances will be the market demand for seasonal residences and the impending financial impact of capital asset management replacement and improvements.
Chapter 9 – Conclusion

That Amendment No. 1 to the Growth Plan for the Greater Golden Horseshoe only recently came into effect on January 1, 2012, limits any measurable impact upon local municipal finances which could be determined through a quantitative analysis. Even so, the qualitative analysis approach applied in this research is also insufficient to conclusively determine that the growth controls of the Growth Plan have had any discernable effect upon local municipal finances is Simcoe County. The forward looking approach applied in the qualitative analysis of this research would suggest that the growth controls may have a minimal effect upon local finances. However, the possibility of minimal growth control effect is overshadowed by existing local environment factors. These factors include an existing environment which is currently streamlined to accommodate growth therefore making it difficult to separate the growth control factors from the already occurring growth impact factors. The local environment factors also include significant seasonal populations within the sample communities who represent an influence on the provision of public services and their related costs, and who are not accounted for in the Growth Plan policies. From the point of view of the sample communities, and in particular Tiny and Collingwood, a significant factor which will affect their financial environment is the impending need for improvements and renewal of their capital assets. In the opinion of the CAO’s of those communities, these impending costs represent a much higher significance of importance to their financial futures than do the Growth Plan growth controls. Nonetheless, theoretical review of the topic of growth controls indicate that the Growth Plan controls will have an impact upon municipal finances of the municipalities within Simcoe County.
The application of growth controls in the form of urban growth boundaries in tandem with population controls remains unique in the North American context of governance and deserving as a topic for continued research. In this regard, the research question of “What influences will the growth controls of the Growth Plan for the Greater Golden Horseshoe have upon the long term financial health of local municipalities within the County of Simcoe?” remains valid. Future research on the impacts of the Growth Plan growth controls in Simcoe County in the form of an empirical analysis might benefit by applying a methodology which discernes the levels of financial impact attributable to the growth controls versus local environmental factors such as the costs of financing aging capital assets and infrastructure, as identified within this research report.
NOTES:

5 Ministry of Economic Development and Infrastructure, Growth Plan for the Greater Golden Horseshoe, 12.
21 Ibid., 23.

24 Ontario Ministry of Economic Development and Infrastructure, Growth Plan for the Greater Golden Horseshoe, Office Consolication, June 2013, 22.


26 Ibid., 81.


32 Blais, Perverse Cities Hidden Subsidies, 48.

33 Ibid., 81.

34 Junjie Wu, et. al., Amenities in an Urban Equilibrium. 19.

35 Blais, Perverse Cities Hidden Subsidies, 29.


37 Ibid., 667.


39 Ibid., 291.


42 Ibid., “Measuring Interactions Among Urbanization”, 998.

43 Doug Luker, CAO, Tiny Township. Interview by Doug Herron at the Tiny Township offices, Tuesday, July 15, 2014 at 9:00 a.m.
Bibliography


Appendix ‘A’

CAO Interview Questions

1. The Growth Plan for the Greater Golden Horseshoe allocates to (Collingwood/Wasaga Beach/Tiny) a total population of (33,400/27,500/12,500) to the year 2031. This translates to almost (doubling the population of the Town of Collingwood/increase of 10,000 to the Town of Wasaga Beach/increase on 1,268 to Tiny). Does (Collingwood/Wasaga Beach/Tiny) anticipate that it will underachieve, achieve, or overachieve a population of \( x \) by the year 2031.

2. Does (Collingwood/Wasaga Beach/Tiny) anticipate that the population numbers imposed within the Provincial Growth Plan will either positively or negatively affect the Town’s finances in terms of income and budgeting over the 20 year window of time to 2031?

3. Has the municipality devised, or does the municipality anticipate devising a strategy, to either mitigate or enhance the municipality’s future financial position in reaction to the population growth criteria of the Growth Plan?

4. The updated PPS which came into force on April 30, 2014 now requires municipalities to plan for infrastructure costs. Does (Collingwood/Wasaga Beach/Tiny) anticipate any uncertainty and/or benefit in the ability to finance capital needs in the face of population controls?

5. Does the municipality keep records and/or track the number of seasonal dwellings converted to full-time residences?

6. Does the municipality keep records or track the number of second dwelling units (ex. Basement apartments/granny flats)?

7. Does the municipality anticipate changes to the delivery of public services based on the population projections of the Growth Plan? Changes could mean providing a new public service, expanding or reducing an existing public service. Examples include but are not limited to: replacing/oversizing water/sewer infrastructure – upgrades/downgrades to public transit - new or upgraded public buildings - policing services - organizational restructuring - or political components of the municipality to better accommodate growth?

8. Does the municipality prepare a 10 Year Capital Growth Forecast? If so, does the 10 year forecast project the need for servicing projects based upon the rate of growth per Growth Plan population allocations?
Appendix ‘B’
CAO Interview Minutes

Doug Luker, CAO, Township of Tiny
Tuesday, July 15, 2014, 9:00a.m. Township Offices, Township of Tiny

Question 1.

D.L. The current population of seasonal residents combined with permanent residents is 26,000 people. Tiny currently has 2,500 lots of record located outside of the settlement areas (Lafontaine, Perkinsfield, Wyevale). Not all of the 2,500 lots are buildable but most are. In this regards, Tiny has exceeded the Growth Plan population allocations before the Growth Plan came to be. In all honesty, Tiny has ignored the population allocation numbers. Most of our development is along the shoreline and consists of subdivisions of 10-12 dwellings and of individual houses. Tiny is way past the Growth Plan allocated numbers at this point.

The Province never really figured out how to count the seasonal population outside of settlement boundaries. The Growth Plan model does not work in Tiny. The Growth Plan is based on the principle of controlling growth whereas Tiny is anti-growth – this is an anti-development municipality. There is no concern from Council to facilitate growth. Council also does not support major servicing projects.

Question 2.

D.L. – The Township political view differs from staff. Building permits are down and this matches an ongoing trend – probably because of the economy. The Township will realize some financial difficulties due to lack of growth, and reduction of Provincial Grants. No financial impact for at least five years. Our infrastructure is aging. There is a financial strain coming in 5 years, this is a combination of Capital Asset replacement and less OMPF grants. Tiny is probably better off than Midland and Penetang.

Tiny assessment continues to grow, this is a big positive. But limited services will result due to increasing policing costs, Capital Asset Replacement and reduction of revenue.

Seasonal residents are not pro-development at all. Yet they want respectable service levels without tax increases.

Question 3.

D.L. – No. I think it will. Staff believe it to be critical. Capital Asset Studies are done. Expect Capital Asset replacement in next 3 years. This will be a problem and requires redirecting revenue. The Township can’t avoid performing long range strategic priorities. Capital funding is
the key issue to this. Small town Ontario has lots of big ideas but little capacity to make it happen – the have little resources.

Tiny has been working with neighbouring municipalities for four years to create an economic development corporation. The big question was “How are we going to fund this?” The municipal group went to the County of Simcoe for funding and it worked, received $400,000. This will have to be the key strategic priority to weather the forthcoming financial storm. Those municipalities who figure this out first will gain the advantage.

**Question 4.**

D.L. – Lots of uncertainty from an infrastructure and capital asset replacement – expect to fall behind and assets will continue to deteriorate – roads, bridges and water services (x19) are the main assets in Tiny. These replacement costs will place lots of pressure on the tax rates, resulting in lots of pressure on the service levels. It is likely that capital levies will be imposed. The Township expects lots of public concern re: deteriorating services and public roads. Again, Tiny will fare better in this than both Midland or Penetang with their antiquated underground services. Tiny is in a better position now because one-half of Tiny population have two residences, they can afford a small tax increase. But as taxes rise, the higher income population will be ok, the lower marginal earners may not be able to afford the tax increase. This could further decrease growth because the lower end of the income population will drop-off. Building permits are already way down and what is being developed is mostly gentrification, the demolition of old cottages replaced with new homes.

Tiny is in the later stages of an Environmental Assessment (EA) to deal with septage.

Discussion that the Sustainability for Severn Sound report cost $250,000 but there is no money available to implement the myriad recommendations.

**Question 5.**

D.L. - No.

**Question 6.**

D.L. – Yes. The legal ones.

**Question 7.**

D.L. – No, this has not been considered.

The Growth Plan in Tiny has in large part been ignored because the policies are not relevant to the situation the municipality finds itself in. The Growth Plan is only part of a coming financial crunch for Tiny. But it is only a smaller factor Re: Capital Costs (see question 3. Above). The downloading from the Province and debt will have a more significant impact on Tiny. Currently,
Tiny has a pretty low tax rate and therefore has room to manoeuvre. Concede that Tiny revenue is almost totally from residential property taxes. There is no commercial/industrial/residential split in Tiny. The residential will pay the freight. Currently the OPP policing rate is $1.8 Million annually which is to increase to $3.8 Million/yr. This is a 21% increase and is unsustainable. The OPP funding model is flawed. For example, in Bancroft they pay $1,000 per household for OPP services. Up north they pay $9 per household. Midland who have their own police force pays $650 per household. Currently Tiny pays $168 per household and under the new OPP funding model this will double to $360 per household. Because some were paying too much, the province has redone the funding model and as a result, Tiny OPP costs are doubling.

The gist is that Tiny homeowners have enjoyed under-billing for years and their taxes are going to go up. This is the same scenario for capital assets which have been underfunded for years – these costs will go up also. This will be a big issue with the citizen-voter perception.

This unfunded liability will soon show-up in municipal budgets. Tiny will either have to start setting up reserves or borrow the money + pay interest.

Question 8.

D.L. – There is no link to the Growth controls. Until the Township sees its new Official Plan with the population numbers laid out in the Plan, only then will Tiny have the ability to plan for growth controls. Right now, we are waiting for the Province and the County of Simcoe to work it out at the Ontario Municipal Board. Nonetheless, this may not change what Tiny does and how Tiny does in providing public services.

George Vadeboncoeur, CAO, Town of Wasaga Beach

Friday, July 11, 2014, 8:30 a.m. Town Hall, Town of Wasaga Beach

Question 1.

G.V. - Wasaga Beach expects to overachieve the allocated population of 22,700. This is based upon a rough math of 4500 units +/- @ 2.2p.p. household = roughly 11,000 population increase. The sole condition is the Town must realize 300 units of growth per year. Otherwise the Town will underachieve.

Question 2.

G.V. – Based on the financial standpoint the Town will be ok. The anticipated property tax revenue from 300 units/year will maintain a low tax rate + the Town will continue to maintain its draw as a healthy lifestyle community. We are an attractive community for two main reasons, because taxes are low and we provide good services from a lifestyle perspective.
Question 3.

G.V. – The only strategic issue is that the Town will continue to evaluate its population threshold every 5 years. Because Wasaga Beach has sewage capacity for 38,000 people. Therefore, with a threshold of 27,500 people, the sewage capacity is underused. Therefore, the Town has room to grow with the available capacity. The Growth Plan provides opportunity to provide comment and input to the province from time to time. The Town has taken the position that the projections are understated as they apply to Simcoe County. Also, the impacts of the Growth Plan upon the G.T.A. will cause a ripple effect and Simcoe County has the only real available greenfield lands for future development. The Town expects a future re-evaluation of the population allocation numbers for Simcoe County and expects the allocation numbers to rise.

Question 4.

G.V. – No. The infrastructure in the Town is fairly new. No real need for infrastructure replacement.

1- the sewage treatment plant is only twenty years old and has a capacity to handle a population of 38,000. The facility only requires regular maintenance and the occasional up-grades to keep pace with industry standards.

2- For water capacity, the next water well is already drilled. The Town need only to bring the well on-stream.

3- The major roads of the infrastructure are paid for through development charges therefore any future capital costs would be for maintenance only.

Beyond the year 2031, the Town will face some infrastructure pressures. The asset management Plan is currently underfunded but the Town is fortunate because we have time to allocate more funds to reserves. Thus, the only major capital dollars will be required at the tail end of the 20 year time line of the Growth Plan.

Question 5.

G.V. - Do not believe so. Not aware that we do. Approximately 6,000 seasonal (meaning their primary address is outside of W.B.) residents in Wasaga Beach which equates to approximately 3,000 seasonal units. In my discussions with Larry Clay, formerly the Manager of Central Region at the MMHA and now the Assistant Deputy Mayor for the Ministry of Infrastructure, he noted that he did not think that in the preparation of the Growth Plan that the province gave seasonal dwellings much thought.
Question 6.

G. V. - Yes. Through the building permit process.

Question 7.

G.V. – Yes. More public services will be required. We anticipate an increase in floor area for the existing Rec Plex. Possibly build a second recreational complex plus other recreational facilities. The Town hosts a significant population of seniors and retired, therefore there is a preponderance to service that demographic. This includes serving the older demographic with medical and community health services.

- the Town will need more recreation services. Policing and water/sewer services are not a future servicing concern.

-Government Restructuring – possibly will see some movement towards a Ward system, this is already one topic brought forward as part of the platform of a candidate for councillor in the 2014 elections.

-Library – The Town has already identified that the library needs to expand. Today it is 5,000ft² and should expand to 10,000ft². In 10 years a library of 15,000-16,000ft² will be required.

-Town Departments – a 3rd firehall will be required in the Sunnidale Trails secondary plan area. This will entail costs for staff and for the extra trucks and equipment to fill the response gap.

Overall the expected increase in public services is not extraordinary and the Town will adjust the servicing gaps as it grows.

Question 8.

G.V. – Yes, 10 year. Also, Water and Sewer is performed based upon a 20 year Growth Forecast. The water and sewer forecast does incorporate population projections. Roads are tied to the impact of population growth. Road expansion is a derivative of population growth and extra roads, parks, snow removal equipment tied to growth. The development charges are closely tied to population which is tied to the number of units. DC’s tied to projection of development, which in turn is tied to population per household.
John Brown, CAO, Town of Collingwood

Trevor Houghton, Senior Planner, Town of Collingwood

Tuesday, July 15, 2014, 3:00 p.m. Town Offices, Town of Collingwood

Question 1.

T.H. – We estimate that we will be under achieving relative to the Growth Plan number of 33,400 of “permanent” population. For 2014 we estimate that our “permanent” population is about 20,210 persons. Based on an assumed average number of dwelling units created per year over 17 years our “permanent” population by 2031 could be 27,560 people. This projection is based on approximately 240 building permits per year at 2.33 people per household over 17 years to 2031. Currently estimate seasonal population to be 5000 to 6000 people. In 2031 expect to be 35,000 in population but only 27,500 will be permanent. Although some of this population will need to be accommodated in “greenfield” areas, most will be in our 2006 “built boundary” area. We don’t anticipate any problem getting 40% of new growth within our “built boundary” area.

Seasonal residential is not entertained in the Growth Plan. In Collingwood, estimate that 22% of population is seasonal. This is in addition to the census measured population. There is a big flux in permanent vs. seasonal. The Town assumes that every dwelling unit built is permanent. Thus sewer and water demands based on building permits. This is challenging for Tiny who host a much larger proportional seasonal population.

J.B. – Why take seasonal out? What does it matter whether seasonal is not in the population numbers. It is a good idea to cap the population in Simcoe and to keep the population in Toronto and areas because that’s where they work. This is in the interest of the Province economically since it is expensive to create new roads, new transit(GO). This is in the interest of the Province economically.

There is nothing wrong with seasonal. Seasonal results in the same costs for services (water/sewer). It is better to use the existing infrastructure than to build new. I (J.B.) currently live in Lighthouse Condo in Collingwood. The unit costs include heavy taxes and condo fees. What is the value for $5,700 in taxes to the Town where it is private garbage pick-up, private road maintenance. The condo fees pay for this and also the glossy landscaping and surroundings. This is good for the Town because seasonal residents pay the same taxes as full-time residents while living as (second dwellings) in these condos which pay for their own services.
The whole nature of Collingwood would change with massive growth. I question the 10% interest charges. They come here because it is different. Too much growth will kill the goose that lays the golden egg (ie. the atmosphere that makes Collingwood different).

T.H. – With regard to the population allocation caps, Council wanted to protect its’ option to control growth by keeping the higher population projected numbers from before the Growth Plan.

J.B. – With regard to market value, the exclusivity of Collingwood protects this market value. Collingwood house prices are quite high because of seasonal residents/investments which drive up the price of housing. Collingwood is like the Bridal Path of Georgian Bay. We don’t want factories.

T.H. – Factory demand is for the 1000ft² range, nothing larger.

Question 2.

T.H. – Won’t hurt our finances.

J.B. – Town has recently completed an Asset Management Plan. The Town will need 230 Million – a large sum of money to both build and maintain capital assets. A pause in growth would defer that costly need. Local businesses could and should be chased. But prefer to stay away from large factories. Collingwood is not a good fit for a big Toyota plant. Big factories should go to the Golden Horseshoe ex. Ferrero Roche = 1 Million ft² in Brantford.

Question 3.

J.B. – Yes. Collingwood recently assessed by BMA. The study identified that the Town has a significant challenge ahead financially. Council has borrowed a lot of money to fund recreation infrastructure. Council sold ½ of the local public utility. The Town will find it difficult to maintain operation increases, to continue to subsidize usage, without raising taxes. Can we afford the tax increases? The local population is not as rich as the seasonal visitors. Can they afford tax increases? The Town has funded infrastructure through debt, not taxes. The Town has not yet redlined on debt, but. Really the local population will have a difficulty to pay more taxes. The difficulty the Town experiences in collecting taxes is a good measure of the tax burden. Collingwood is currently rated at level 8+ on this burden measure, 8 is the max. There are other uncontrollable costs such as OPP, inflation, gasoline, insurance. When you reach your level of borrowing you have to raise taxes.

The Town will have to perform a service review to better define and redefine public services. Where are we going with this...This is a big problem for all municipalities. Go to BMA – Collingwood – interests payments and debts should not exceed 25% of own source revenue (refer to MFIR). Collingwood is currently at a level of 12%. Red flags go up at 10%. Healthy is 7% of 8%. Municipalities can borrow from dedicated reserves as long as the money is returned
when it is needed for that dedicated reserve. Collingwood has done this. In the near future there will be no new grants, the Province and the Feds no longer have the funds. Province is facing a downward credit adjustment. The grant funding money to pay for our own infrastructure will shrink.

It will become difficult to provide services as the infrastructure debt rises. The Town is not here to make money. We should look at the services that are a good fit for Collingwood. There will be a lot of pressure to cut costs. Currently the ability to pay of the taxpayer is good as long as people are able to afford it. Cottagers and second homes – will these people continue to be able to afford these rising tax costs. The pressure comes on in the future when demand decreases for expensive second homes. This will lead to a down pressure on the market value for these expensive second cottages/homes.

Public services – how long can we afford to continue to provide services as all the costs rise. The buyers have to continue to afford it.

**Question 4.**

J.B. – Can we afford growth in the future? Growth controls are only a very small part in a bigger picture. We do need to be careful about growth. We do need to be conscious of the future costs of growth. Collingwood needs to be careful.

**Question 5.**

J.B. + T.H. – No.

T. H. – We have no solid way of doing so. What we can say is of the Town’s 2014 estimated population of 25,910, about 22% is believed to be “seasonal”. By 2031 we think our projected total population may be 35,330 - 27560 permanent and 7,770 seasonal combined.

**Question 6.**


J.B. – We don’t search for illegal second units.

T.H. – These units are tracked by the Building Department as part of their monthly reporting. Since 2010 the following number of accessory apartment permits have been issued: 2010 – 3 second units, 2011 – 1 second unit, 2012 – 8 second units, 2013 – 11 second units.

J.B. – This tells us the population needs more money to live in Collingwood.

T.H. – The Town is going to allow 2nd units in semis, townhouses, and coach houses. It is part of the process to intensify urban infrastructure.
J.B. – This is good because 2\textsuperscript{nd} units represent growth at no extra cost to the Town. They are installed on lots which are already services with water/sewer/roads.

T.H. – Fitting 2\textsuperscript{nd} units is generally not a problem since many of the single detached lots in the urban core have 60’ frontages which easily allows the required extra parking.

**Question 7.**

T.H. – Transit should increase and become a County service or subsidy. Expand trail linkages to neighbouring communities.

J.B. – All municipalities should perform value for money studies to look for efficiencies. For example, policing is too expensive already. A new fire hall has just been built. New recreation is possible needed. The Eddy Bush arena is being repurposed. Just paid $12 Million for a new recreation centre.

**Question 8.**

J.B. – Collingwood does not perform 10 year capital projection research. This is currently done on an annual basis with the capital budget process.