



## Fractional ownership resort units get tax break Strata hotel units get new assessment rules

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VICTORIA -- The gates are opening for millions of dollars worth of ski hill and resort development as B.C. is changing assessment rules for fractional ownership of strata hotel units.

Such vacation units are normally purchased by individuals for part-time use and rented out as hotel rooms at other times. They are being built around B.C.

But inequities in the assessment system can mean that similar units are put into different assessment classifications, and thus are subject to vastly different property tax bills.

Even if a unit has both residential as well as hotel use, many are listed in the commercial tax category, and municipal commercial tax rates can be three to four times higher than residential rates.

As a result, many projects have been put on hold as buyers shied away. Legislation introduced this week would create a more uniform system for these units, and encourage resort growth and tourism for the province. It could potentially lead to the construction of 148,000 new units.

High construction cost is a key factor in hotels being built under shared-ownership systems. When one Bear Mountain resort unit saw its taxes soar to \$15,200 in 2005 from \$3,800, a successful appeal was launched. But many other B.C. strata hotel owners were stuck with high taxes.

Phil Laseur, Bear Mountain vice-president of corporate and legal affairs, called the changes a step in the right direction. "We did see potential buyers who were concerned about this issue," he said.

Brian Morrison, controller for Tigh-Na-Mara Seaside Spa Resort and Conference Centre at Parksville, said, "The intent was never not to pay taxes, it was a question of fairness."

B.C. has about 18,000 strata hotel units categorized as residential and about 5,000 units as commercial, according to the assessment system. The new rules would come into effect in 2008.

Some operators were pulling units out of rental pools to avoid commercial rates -- raising the spectre of 6,000 rooms being unavailable for the 2010 Winter Olympics in Whistler, said Frank Bourree, tourism consultant with Chemistry Consulting Group.

A long list of ski hill and resort development projects around B.C. that were either proposed or under construction were affected by the assessment process, Bourree said Wednesday. "People wouldn't buy into it if they had to face some of the tax consequences. [The new legislation] is a really great move."

Depending on the unit, the change could mean a difference of up to \$20,000 in taxes, he said.

Under the new system, assessments will reflect how the units are actually used. Units already in the residential classification will not be affected.

Rick Thorpe, the minister of small business and revenue, said, "Today, a majority of new tourism and resort properties are stratas, and providing certainty on how they are assessed will support growth in our all-season resort capacity and our goal to double tourism by 2015."

Peter Gibson, president of Mount Washington Resort and chairman of the B.C. and Yukon region for the Canada West Ski Areas Association, said a standard assessment formula will be brought in for ski hills.

He hopes the new system will encourage sales of available fractions at its Bear Lodge project, as well as lead to future hotel development.

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