MUNICIPAL POLICY BRIEF

RESORT CONDOMINIUM PROPERTY CLASS: POLICY CONSIDERATIONS AND SENSITIVITY MODELLING

Prepared For:

THE COUNTY OF GREY

AND

THE TOWN OF THE BLUE MOUNTAINS

By:

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INTRODUCTION AND OVERVIEW

Ontario's property tax system is structured to distribute tax burdens among different property types through the use of default and optional property classes. These classifications allow municipalities to apply distinct tax policies based on property use, helping to achieve fair and effective tax administration.

One of these optional classes, the resort condominium class, has been adopted exclusively in Grey County, where it applies to a specific group of properties located in The Town of The Blue Mountains. The unique criteria for this class distinguish it from other optional classifications, as it was designed to reflect the particular characteristics of these properties.

Grey County has maintained the optional resort condominium property class as part of its property tax framework since it was first made available by the Province in 2005, however, in recent months there has been a marked increase in the attention paid to the use and utility of this class, including questions surrounding its continued use. The County and Town have retained Municipal Tax Equity (MTE) Consultants to provide a range of support, advisory and analytical services in relation to this issue.

Purpose and Scope of this Report

The purpose of this report is to summarize our efforts to examine the function, impact, and potential implications of the resort condominium class in Grey County. In presenting this material, the report has been divided into three parts.

<u>Part One – The Resort Condominium Property Class: Form, Function, and Scope</u>

- Provides an overview of Ontario's property classification system and the role of optional classes.
- Explores the specific criteria and tax treatment of the resort condominium class.
- Examines how this classification compares to residential and commercial property classes.
- Discusses the origin and function of the resort condominium class in Grey County.

<u>Part Two – Quantitative Modelling and Tax Impacts</u>

- Evaluates the potential financial impacts of eliminating the resort condominium class.
- Analyzes how such a change would affect tax levies at the municipal and county levels.
- Examines the implications for provincial education taxes.
- Provides a property-level analysis, illustrating how the tax burden would shift for different property types.

<u>Part Three: Qualitative Policy Consideration and Recommendations</u>

- This final section essentially serves as a conclusion and general discussion
- Here we identify and highlight critical observations drawn from our analysis
- We also suggest critical factors, impacts and points that we feel municipal staff, decision makers and stakeholders alike should be aware of and consider when contemplating the question of whether the property class should be collapsed.

PART ONE: THE RESORT CONDOMINIUM PROPERTY CLASS – FORM, FUNCTION AND SCOPE

Property classes are a fundamental feature of Ontario's property tax system. Since each class may be subject to its own unique tax rates, policies, and mitigation programs, this classification system allows for the differential distribution and administration of tax burden based on a property's nature, use, and assessed value.

Ontario's property tax system consists of both:

– Default property classes, which categorize all properties into broad groups, and
– Optional property classes, which allow for more refined tax treatment within those broad classifications.

Optional classes provide a more detailed property tax structure than would exist if only the default classes were used. These classes are adopted at the discretion of the upper-tier or single-tier municipality in which qualifying properties are located. For example, while some properties in Grey County are assessed as "shopping centres," the County has not opted into that class, meaning those properties are instead taxed as commercial properties.

As this report focuses specifically on the resort condominium class, we will not explore the broader structure of property classification. However, before delving into the specifics of this class, it is worth noting how it differs from other optional classes at a general level. These distinctions include:

– The criteria for inclusion are exceptionally specific, making it far more narrowly defined than most other optional classes.

– Unlike other optional classes, which function as subdivisions of a broader default class, the resort condominium class is a distinct, stand-alone classification. Once adopted, properties captured by the class are removed from their default parent class.

– Grey County is the only jurisdiction to have adopted it.

Resort Condominium Inclusion Criteria

To understand the exact nature of this class and the properties it captures, we must consider its narrowly defined and regulated parameters. In addition to requiring formal adoption by the municipality, a property must meet all the following conditions to qualify for the resort condominium class:[1]

1. It is a self-contained unit within a condominium complex.

2. It is operated or managed to provide short-term, transient living accommodation for a fee.

3. It is located in a municipality with a population of 10,000 or less, as reported by Statistics Canada in the most recent official census.

4. It is located within a year-round resort, which must include—or be adjacent to—a downhill ski complex and an 18-hole golf course.

5. A Special Act must exist which requires the unit owner to be a member of a non-profit corporation, responsible for maintaining and managing the resort lands.

[1] Criterial simplified for ease of reference. Actual provisions set out in Appendix A.

Resort Condominium vs. Commercial Classification

Were it not for the existence of this special class, the captured properties would be classified as commercial based on two critical criteria, mainly numbers 1 and 2 above. Embedded within the definition of the commercial property class is a definition of a "hotel". Within this definition is a reference to properties that might otherwise be classified as multi-residential, new multi-residential or residential (condominiums), but that contain:

> *"one or more furnished, self-contained units operated or managed in a manner to provide transient living accommodation for a fee or charge for minimum periods of less than 30 days".*[2]

On this basis, it is expected that properties currently captured by the resort condominium class would revert to commercial if the class was discontinued, but only if the property is correctly and accurately included in the resort condominium class and meets all of the specific criteria without exception.

Resort Condominium vs. Residential Classification

The distinction between a resort condominium and a residential condominium classified under the residential property class is fairly straightforward. By default, condominium units are assessed as residential if:

1. One or more of the defining criteria of the resort condominium class does not apply, and
2. Short-term, transient accommodation is not the dominant or primary use of the unit.

That is, if a condominium unit does not meet the criteria of the resort condominium class, and its primary use is **not** short-term, transient accommodation, it is most likely classified as residential. However, if the unit is used exclusively for transient accommodation, it likely qualifies as commercial, as outlined in the previous section.

Without delving into assessment theory and regulatory nuances, classification rules generally recognize that when use-based criteria are referenced, it is the primary or usual use of the property that determines classification.

As such, a residential condominium unit that is occasionally rented for short-term stays would not typically qualify for the commercial class. Instead, it would remain classified as residential, since its primary function is still long-term occupancy rather than transient accommodation.

Tailor Made for Grey County and the Town of The Blue Mountains

It is no coincidence that the properties currently classified as resort condominiums meet these highly specific criteria, nor that Grey County is the only jurisdiction to have adopted this class.

The regulatory structure of the class was intentionally designed to capture this particular group of properties, which were highly unique within Ontario at the time. Additionally, the framework was crafted in a way that effectively limited the application or expansion of the class beyond Grey County's borders.

[2] See section 17 of Ontario Regulation 282/98 made under the *Assessment Act.*

Grey County formally adopted the resort condominium class in 2005, and it has remained an integral part of its property tax framework ever since. All properties classified under this designation are located exclusively within The Town of The Blue Mountains, a fact that is not coincidental but rather a direct result of how the class was structured. The class was deliberately tailored to fit the distinct characteristics of these properties and the broader resort development model in the area.

Tax Treatment of Resort Condominium Class

In simplified terms, the use of the resort condominium class in Grey County allows captured units to be taxed at the same rate as residential properties, rather than at the higher commercial rates that might otherwise apply.

On the municipal side, properties classified as resort condominium are taxed at the same rate as residential class properties. If these units were instead classified as commercial, the applicable tax rate would be approximately 30% higher, based on the County's current commercial tax ratio of 1.2969.

The difference is far more significant on the education side. As resort condominiums, these properties are subject to the same Provincial education tax rate as residential condominiums, single detached homes, and multi-residential properties, currently set at 0.00153 (0.153%). If classified as commercial properties, these same units would be subject to an education tax rate 0.0088 (0.88%), which is nearly five times higher.

The actual impacts and implications of such a reclassification are examined in Part 2 of this report.

PART TWO: QUANTITATIVE MODELLING AND TAX IMPACTS

This section of the report examines the potential tax implications that would arise if the resort condominium class were eliminated. The models presented here provide a detailed and comprehensive view of how such a change would affect the resort condominium properties, other taxpayers, and the overall balance of taxation—both within The Town of The Blue Mountains and at the County level.

As outlined below, all analysis is based on the 2025 baseline tax levies. By using this starting position, we are able to isolate the specific impacts of eliminating the resort condominium class without the influence of any other adjustments.

Property Classes and Variable Tax Treatment

Property classes are a foundational component of Ontario's property tax system, allowing municipalities to allocate tax burdens differentially based on both a property's use and its assessed value. Each property class is assigned a Tax Ratio, which determines how much weight each dollar of assessment carries in determining a property's share of municipal taxation.

Table 1 below provides an overview of how Grey County's current tax class and tax ratio structures affect the distribution of the tax burden within the Town of The Blue Mountains.

Table 1
2025 Roll Return CVA and Notional Municipal Levy
(Town + County Revenue Neutral Start Levy)

Realty Tax Class	Assessed Value		Class Ratio	Municipal Levy	
	$ Mil	***Share***		***$***	***Share***
Residential	4,810.7	87.28%	1.000000	$38,670,982	88.36%
Farm	161.9	2.94%	0.218000	$283,753	0.65%
Managed Forest	20.1	0.36%	0.250000	$40,310	0.09%
Multi-Residential	4.7	0.09%	1.220600	$46,440	0.11%
Commercial	219.3	3.98%	1.296900	$2,286,023	5.22%
Resort Condominium	275.5	5.00%	1.000000	$2,214,577	5.06%
Industrial	9.9	0.18%	1.831000	$146,376	0.33%
Aggregate Extraction	1.3	0.02%	1.489896	$16,167	0.04%
Landfill	0.6	0.01%	1.000000	$4,685	0.01%
Pipeline	7.9	0.14%	0.906848	$57,459	0.13%
Total	**5,511.9**	**100.00%**		**$43,766,772**	**100.00%**

Key Observations: Table 1

The share of the total tax burden carried by each property class aligns partially with the amount of Current Value Assessment (CVA) in each class, however, the shares that would be determined on the basis of Value alone are augmented by the application of Tax Ratios. For example:

– The Commercial Class, despite comprising only 3.98% of the total assessment base, carries approximately 5.22% of the total tax levy due to its higher ratio of 1.2969.

Changing the Balance of Taxation

Adjusting tax ratios or modifying property class structures shifts the distribution of taxation within a municipality, but it does not change the total municipal revenue. A municipality cannot increase its revenue by raising a tax ratio, nor does its revenue decrease if a ratio is reduced. Instead, these changes simply redistribute the tax burden among different groups of taxpayers.

When it comes to the resort condominium class, the options for change are extremely limited. The current tax ratio is effectively fixed at 1.0000, as the provincially regulated upper limit for this class is only 1.0010.[3] Based on this, Provincial regulations and restrictions preclude making any partial or phased changes to the treatment of this class.

The only real option available to the County, were a change deemed appropriate, is to eliminate the class entirely. If this were to happen, all properties currently classified as resort condominiums would automatically be reassigned to the commercial property class, making them subject to commercial tax rates for both municipal and provincial education purposes.

Quantifying the Impacts

The following tables and interpretive notes summarize MTE's analysis undertaken to quantify the scope and magnitude of the tax impacts that would result from eliminating the resort condominium class. To illustrate the isolated and direct implications of eliminating this class, we have applied the following general protocols in our modelling.

- The analysis is based on the assessment roll as originally returned 2025; and
- It uses notional, revenue neutral tax levies for both the Town of The Blue Mountains and the County, which means we have not factored in any potential levy increases that may apply in 2025; and
- All other tax ratios and parameters have been held constant to isolate and illustrate the specific impact of eliminating the resort condominium class.

Under this scenario, both the County and local municipal tax rates are recalculated to generate the same total levy amounts[4]. However, instead of the current 1.0000 tax ratio for resort condominiums, a new ratio of 1.2969 is applied to these properties within the calculations.

While the overall outcome remains revenue neutral, this change shifts the tax burden across different properties, property classes, and area municipalities to varying degrees.

When reviewing these models, it is important to remember that final tax rates and levies for 2025 have not yet been set. As a result, the figures presented here are most useful for understanding the general scope and magnitude of potential changes, particularly in terms of percentage shifts.

In other words, while the results and background calculations are precise and accurate, they will differ slightly from the actual 2025 tax outcomes because final tax rates will reflect policy and spending decisions made by both County and Town councils.

[3] See Ontario Regulation 386/98 as most recently amended.

[4] County and Town notional levy amounts have been calculated to match each municipality's 2024 year-end revenue position, net of in-year growth. The amounts $75,952,300 and $27,755,168 respectively.

County Levy Tax Shifts

Table 2 provides a summary of the interclass shifts in the County's levy under this scenario on a County-Wide basis. Table 3 documents the impact of the same shifts when considered on an inter-municipal basis.

Table 2
County-Wide Inter-Class Levy Sensitivity
(2025 Notional County Levy)

Realty Tax Class	2025 County Levy		Tax Shift	
	Status Quo	R.C. to Comm	$	%
Resort Condominium	***$1,113,776***	***$1,438,193***	***$324,417***	***29.13%***
Residential	$62,669,647	$62,397,911	-$271,736	-0.43%
Farm	$2,702,777	$2,691,062	-$11,715	-0.43%
Managed Forest	$201,429	$200,556	-$873	-0.43%
New Multi-Residential	$231,598	$230,594	-$1,004	-0.43%
Multi-Residential	$1,327,127	$1,321,372	-$5,755	-0.43%
Commercial	$5,848,276	$5,822,923	-$25,353	-0.43%
Industrial	$1,547,110	$1,540,401	-$6,709	-0.43%
Aggregate Extraction	$77,777	$77,439	-$338	-0.43%
Landfill	$6,828	$6,799	-$29	-0.42%
Pipeline	$225,955	$224,975	-$980	-0.43%
Total	**$75,952,300**	**$75,952,225**	**-$75**	**0.00%**

Key Observations: Table 2

- Based on the County's 2025 notional levy, shifting all resort condominium to the commercial class would increase in the County portion of the taxes levied on these properties by approximately 29%, or almost $325,000.
- With the resort condominium properties taking on a greater proportional share of the overall levy, thereby reducing the County's tax rate for all other property types by approximately 0.43%.
- This increased burden on resort condominium properties does not result in any net new or additional levy dollars, it simply results in a realignment of levy shares and a redistribution of the same total burden.

Table 3
County-Wide Inter-Municipal Levy Sensitivity
(2025 Notional County Levy)

Local Area Municipality	2025 County Levy Status Quo	2025 County Levy R.C. to Comm	Tax Shift $	Tax Shift %
The Blue Mountains	$22,011,604	$22,245,409	$233,805	1.06%
Chatsworth	$3,715,903	$3,699,791	-$16,112	-0.43%
Georgian Bluffs	$7,831,468	$7,797,512	-$33,957	-0.43%
Grey Highlands	$8,695,596	$8,657,893	-$37,703	-0.43%
Hanover	$3,547,301	$3,531,921	-$15,381	-0.43%
Meaford	$8,185,782	$8,150,289	-$35,493	-0.43%
Owen Sound	$9,611,679	$9,570,004	-$41,675	-0.43%
Southgate	$5,085,848	$5,063,797	-$22,051	-0.43%
West Grey	$7,267,117	$7,235,608	-$31,509	-0.43%
County-Wide	**$75,952,299**	**$75,952,224**	**-$74**	**0.00%**

Key Observations: Table 3

- As the tax burden shifts onto former resort condominium properties, there is also a redistribution of the upper-tier levy among municipalities.
- Under this model, The Blue Mountains sees its share of the County levy increase by over $230,000, representing a shift of approximately one full percentage point.

Table 4
Inter-Class Shifts of County Levy with The Blue Mountains

Realty Tax Class	2025 County Levy Status Quo	2025 County Levy R.C. to Comm	Tax Shift $	Tax Shift %
Resort Condominium	***$1,113,776***	***$1,438,193***	***$324,417***	***29.13%***
Residential	$19,448,781	$19,364,451	-$84,330	-0.43%
Farm	$142,708	$142,089	-$619	-0.43%
Managed Forest	$20,273	$20,185	-$88	-0.43%
Multi-Residential	$23,356	$23,255	-$101	-0.43%
Commercial	$1,149,708	$1,144,724	-$4,984	-0.43%
Industrial	$73,617	$73,298	-$319	-0.43%
Aggregate Extraction	$8,131	$8,096	-$35	-0.43%
Landfill	$2,356	$2,346	-$10	-0.42%
Pipeline	$28,898	$28,772	-$126	-0.44%
Total	**$22,011,604**	**$22,245,409**	**$233,805**	**1.06%**

Key Observations: Table 4

- This table has been included to illustrate the class-by-class redistribution of the County levy within The Town of The Blue Mountains.

Local Municipal Levy Tax Shifts

Since resort condominium properties are concentrated within The Town of The Blue Mountains, this modelled change has no impact on the own-purpose levy of any other local municipality. However, it will have a significant impact on The Blue Mountains' own-purpose levy, as outlined on an inter-class basis in Table 5 below.

Table 5
Inter-Class Shifts of Local Municipal Levy
(Town of The Blue Mountains 2025 Notional Levy)

Realty Tax Class	2025 Local Municipal Levy		Tax Shift	
	Status Quo	**R.C. to Comm**	**$**	**%**
Resort Condominium	***$1,100,801***	***$1,406,498***	***$305,697***	***27.77%***
Residential	$19,222,201	$18,937,702	-$284,499	-1.48%
Farm	$141,045	$138,958	-$2,087	-1.48%
Managed Forest	$20,037	$19,741	-$296	-1.48%
Multi-Residential	$23,084	$22,742	-$342	-1.48%
Commercial	$1,136,315	$1,119,496	-$16,819	-1.48%
Industrial	$72,759	$71,682	-$1,077	-1.48%
Aggregate Extraction	$8,036	$7,917	-$119	-1.48%
Landfill	$2,329	$2,294	-$35	-1.50%
Pipeline	$28,561	$28,138	-$423	-1.48%
Total	**$21,755,168**	**$21,755,168**	**$0**	**0.00%**

Key Observations: Table 5

- The shift in the Town's own local levy **onto** resort condominium properties follows a similar scope and magnitude as seen with the County levy. However, the impact on all other property types is significantly greater.
- The reason for this larger reciprocal impact on non-resort condominium properties—approximately three times the impact observed at the County level—is that resort condominium properties make up a larger share of the local tax base than they do of the County's overall base.
  - While the class accounts for over 5% of the Town's baseline notional levy, it represents less than 1.5% of the County's levy.
- In simple terms, because the resort condominium class is a more significant part of The Blue Mountains' tax base, any changes to it will have a greater local impact compared to the County-wide effect.

Implications for Provincial Education Tax Portion

The implications of collapsing the resort condominium would extend beyond just the municipal levy. Eliminating this class would mean that all affected properties revert to the commercial property class, making them subject to the commercial education tax rate.

More importantly, the implications on the Provincial education tax side of the bill would be even more dramatic and would result in a much different pattern of overall change.

First, paling the municipal implications, the properties currently captured by the resort condominium class would see provincial education taxes increase by 475% or more than $2,000,000. Further, there would be no reciprocal benefit to any other property, the local municipality as whole, or even the local school boards.

Table 6
Provincial Education Tax Impacts – Collapsing the Resort Condominium Class
(The Blue Mountains Only)

Realty Tax Class	2025 Education Levy		Tax Change	
	Status Quo	R.C. to Comm	$	%
Resort Condominium	***$421,500***	***$2,424,313***	***$2,002,813***	***475.16%***
Residential	$7,329,068	$7,329,068	$0	0.00%
Farm	$61,934	$61,934	$0	0.00%
Managed Forest	$7,672	$7,672	$0	0.00%
Multi-Residential	$7,241	$7,241	$0	0.00%
Commercial	$1,928,795	$1,928,795	$0	0.00%
Industrial	$88,767	$88,767	$0	0.00%
Aggregate Extraction	$6,898	$6,898	$0	0.00%
Landfill	$7,285	$7,285	$0	0.00%
Pipeline	$69,362	$69,362	$0	0.00%
Total	**$9,928,522**	**$11,931,335**	**$2,002,813**	**20.17%**

Key Observations: Table 6

- This table shows how education taxes would change for resort condominium properties and highlights that, unlike municipal taxes, there is no reciprocal benefit or tax reduction for any other property.
- Since local schools and school boards are funded through a provincially prescribed formula, changes in local education tax revenue have no impact on local school funding or the education system overall.
- Instead, this change simply results in a net increase in the local contribution to provincial revenue.

Cumulative Tax Impacts: County, Local and Provincial Education

To understand how taxpayers' total tax bills might be affected by the modelled change, we must consider the combined impact of:

1. Shifts in the distribution of the Town and County levies, and
2. The net increase in Provincial education taxes.

To this end, we have prepared Table 7 to summarize the cumulative shifts in municipal tax (County + Local); and Table 8, which considers all three portions of the tax bill.

Both tables consider the expected changes within the Town of the Blue Mountains specifically.

Table 7
Cumulative Municipal Tax Shifts: County + Local Municipal Levy
(The Blue Mountains Only)

Realty Tax Class	2025 Municipal Levies		Tax Shift	
	Status Quo	R.C. to Comm	$	%
Resort Condominium	***$2,214,577***	***$2,844,691***	***$630,114***	***28.45%***
Residential	$38,670,982	$38,302,153	-$368,829	-0.95%
Farm	$283,753	$281,047	-$2,706	-0.95%
Managed Forest	$40,310	$39,926	-$384	-0.95%
Multi-Residential	$46,440	$45,997	-$443	-0.95%
Commercial	$2,286,023	$2,264,220	-$21,803	-0.95%
Industrial	$146,376	$144,980	-$1,396	-0.95%
Aggregate Extraction	$16,167	$16,013	-$154	-0.95%
Landfill	$4,685	$4,640	-$45	-0.96%
Pipeline	$57,459	$56,910	-$549	-0.96%
Total	**$43,766,772**	**$44,000,577**	**$233,805**	**0.53%**

Key Observations: Table 7

- When considering the total municipal portion of the tax bill, eliminating the resort condominium class is expected to increase the tax burden on these properties by approximately $630,000, or 28.5%.
- This shift would drive a corresponding reduction for all other taxpayers within The Town of The Blue Mountains, at a rate just under 1.0%.
- Consistent with the results and observations presented earlier, this change would not generate any new revenue for the Town or County but would increase The Blue Mountains' net share of the total County levy.
- The $233,000 increase shown in the sum line of Table 7 represents the tax decreases distributed to properties in all other local municipalities, at a rate of 0.43%.

Table 8
Cumulative Municipal Class Level Impacts: County, Local and Provincial Education Tax
(The Blue Mountains Only)

Realty Tax Class	2025 Municipal + Education		Tax Change	
	Status Quo	R.C. to Comm	$	%
Resort Condominium	***$2,636,077***	***$5,269,004***	***$2,632,927***	***99.88%***
Residential	$46,000,050	$45,631,221	-$368,829	-0.80%
Farm	$345,687	$342,981	-$2,706	-0.78%
Managed Forest	$47,982	$47,598	-$384	-0.80%
Multi-Residential	$53,681	$53,238	-$443	-0.83%
Commercial	$4,214,818	$4,193,015	-$21,803	-0.52%
Industrial	$235,143	$233,747	-$1,396	-0.59%
Aggregate Extraction	$23,065	$22,911	-$154	-0.67%
Landfill	$11,970	$11,925	-$45	-0.38%
Pipeline	$126,821	$126,272	-$549	-0.43%
Total	**$53,695,294**	**$55,931,912**	**$2,236,618**	**4.17%**

<u>*Key Observations: Table 8*</u>

- Table 8 may be the most relevant from a taxpayer perspective, as property owners view their tax bill as a whole, rather than by its individual components.
- This table illustrates that, if all other variables remain constant, eliminating the resort condominium class would effectively double the tax burden for properties currently within that class.
- When compared to Table 7, we see that less than 25% of the total tax increase comes from municipal taxes, while the overwhelming majority (over $2 million is attributable to the education tax increase.
- Because the education portion remains fixed, the potential tax reductions for other property classes are muted when looking at the total tax bill.
- In practical terms, while residential taxpayers would see their municipal tax portion decrease by approximately 0.95%, their actual total tax bill would decline by only 0.80%.

Typical Property Impacts

While it is critical to understand how potential changes affect tax levies as a whole, it is equally important to consider what these macro-level shifts mean for individual properties.

To illustrate this, we have prepared the following tables to show how taxes might change for typical or average properties within The Town of The Blue Mountains and across Grey County, should the resort condominium class be eliminated

Table 9
Typical (Average) Property Implications of Eliminating the Resort Condominium Class
(Blue Mountain Only)

Property Type	Count	Average CVA	Average Tax	Modelled Impacts County	Town	Education	Total Change Revised Tax	$	%
Resort Condominium	***1,216***	***226,554***	***$2,168***	***$267***	***$252***	***$1,647***	***$4,334***	***$2,166***	***99.9%***
Single Detached	2,760	566,957	$5,424	-$10	-$33	$0	$5,381	-$43	-0.8%
Town/Semi Detached	527	470,509	$4,502	-$8	-$28	$0	$4,466	-$36	-0.8%
Condominium	1,262	288,276	$2,758	-$5	-$17	$0	$2,736	-$22	-0.8%
All Residential	9,087	527,132	$5,044	-$9	-$31	$0	$5,004	-$40	-0.8%

Key Observations: Table 9

- As can be seen, a taxpayer who owns the average resort condominium property would see their overall tax bill double or increase by approximately $2,166.
- The owners of the average residential properties also shown in this table should expect only modest decreases in the magnitude of 0.80% overall.

To consider the potential impacts on a broader, County-wide basis, we have prepared Table 10, which considers the tax impacts expected for each 100,000 of residential class CVA in each area municipality in comparison to 100,000 of resort condominium assessment.

Table 10
Implications of Eliminating the Resort Condominium Class Per 100,000 of CVA

Property Type / Local Municipality	2025 Municipal + Education Status Quo	R.C. to Comm	Tax Change $	%
Resort Condominium				
The Blue Mountains	$957	$1,913	$956	99.9%
Residential				
The Blue Mountains	$957	$949	-$8	-0.8%
Chatsworth	$1,367	$1,365	-$2	-0.1%
Georgian Bluffs	$1,237	$1,235	-$2	-0.2%
Grey Highlands	$1,294	$1,293	-$1	-0.1%
Hanover	$1,603	$1,601	-$2	-0.1%
Meaford	$1,485	$1,484	-$1	-0.1%
Owen Sound	$1,939	$1,938	-$1	-0.1%
Southgate	$1,536	$1,534	-$2	-0.1%
West Grey	$1,379	$1,377	-$2	-0.1%

PART THREE: QUALITATIVE POLICY CONSIDERATIONS AND RECOMMENDATIONS

This final section of the report serves as both a conclusion and a broader discussion of the key issues surrounding the resort condominium class. While the previous sections have focused on the technical structure of the class and the quantitative tax implications of its elimination, this section shifts toward policy considerations and strategic decision-making.

Generally, the content of this section has been prepared to:

- Identify and highlight critical observations drawn from the analysis in Parts One and Two;
- Outline key factors and potential impacts that should be considered by municipal staff, decision-makers, and stakeholders when evaluating whether to eliminate the class;
- Provide insight into broader policy implications, including potential equity concerns, administrative complexities, and economic considerations; and
- Identify some practical considerations and limitations around things such as timing and logistics should further examination of the classes' future be deemed warranted.

This discussion aims to provide a comprehensive perspective that extends beyond tax calculations, ensuring that municipal staff, decision makers and stakeholders alike are well informed in their considerations regarding the future of the resort condominium class.

Considering Municipal Tax Benefit Perceptions

The prevailing discourse around the elimination of the resort condominium class has largely focused on the financial benefits it may bring, with some stakeholders anticipating a significant monetary windfall for local municipalities. However, it is critical to clarify that these perceived benefits may be far more limited than expected.

The key reasons for this are as follows:

- While reclassifying these properties as commercial would increase their municipal tax burden by approximately $630,100 ($347,400 County / $305,700 Town), this would not represent a net revenue gain for either municipality.
- Rather than generating additional revenue, this change simply shifts the tax burden from other properties onto the former resort condominium properties.
- While this shift could create "room" to implement greater municipal levy increases with a milder net year-over-year impact on residential and other classes, it does not change the total levy requirement.
    - *For example*, a 3% increase in the Town's 2025 levy may result in a net year-over-year impact of only 1.52% for most taxpayers due to the offsetting effects of reclassification. However, the Town's total levy change would still be recorded as 3%—the shift does not reduce the overall budgetary requirement.

In simple terms, eliminating the class and moving the captured properties to the commercial tax category will result in zero net new tax dollars for either municipality. The only potential benefit is that it may make a larger tax increase more politically palatable in the first year of the transition.

Considering Non-Resort Condominium Taxpayer Impacts

Despite the points outlined above and the fact that removing the class will not generate any new or additional revenue at the municipal level, our quantitative analysis does demonstrate that if the current resort condominium properties are taxed at a higher rate, this will create a reciprocal benefit for other taxpayers.

These benefits, which may be summarized as follows, are far more pronounced within the Town itself than across the remainder of the County.

- It is expected that eliminating the resort condominium class would reduce the Town's notional tax rate for all other classes by 1.48%, which would reduce the residential class burden by appropriately $284,500.
- The modelled change would also reduce the County's notional rate for all other classes, but at a more modest, 0.43%, which should be expected to shift approximately $271,700 off of residential properties County-wide with $84,000 of this benefit being realized within the Town of the Blue Mountains itself.
- For the residential taxpayer, these shifts translate into savings of approximately $8.00 for every 100,000 of CVA within the Town; and between $1 and $2 for every 100,000 of CVA throughout the remainder of the County.

Considering the Tax Implications for Resort Condominium Property Owners

In sharp contrast to the modest implications for other taxpayers, the tax burden carried by all resort condominium properties would be subject to dramatic and unprecedented change. As documented in Part 2 of this report, it is expected that collapsing the class would result in a 100% increase in taxes for the subject properties.

- Modelling suggests that the municipal portion of the tax bill for these properties will increase by 28.5% overall, which at the class level translates to approximately $630,100 ($347,400 County / $305,700 Town).
- Far eclipsing the municipal change, it is expected that Provincial Education taxes will increase by 475%, or over $2,000,000 at the class level.
- For the average resort condominium property assessed at 226,554, this means annual taxes would increase from $2,168 to $4,344 immediately. An increase of $2,166, or 99.9%.

Non-Quantitative Policy Considerations

Beyond the actual numbers, we urge staff and decision makers to consider both the policy objectives and potential outcomes before making any decision to eliminate this property class. This is not to say that good reasons do not exist that would justify the change, simply that such reasons should be documented and considered carefully before a change is made.

Such considerations may include, but may not be limited to:

- Whether the original policy rationale for the resort condominium class remains relevant today.
- How eliminating the class aligns (or conflicts) with broader taxation and economic development goals.
- The potential long-term effects on the local tax base, economic activity, and housing market.
- Resort condominium owners will face substantial tax increases—what are the potential political and economic consequences?
- How will local businesses and the tourism sector be affected if short-term accommodation becomes less financially viable?
- Will other property owners see the municipal tax shift as a meaningful benefit, or will it be viewed as a minor gain relative to the disruption caused?

To reiterate, it is not within the scope or purpose of this report to provide answers to these questions, however, we do suggest that it is important that these issues be addressed within the context of any decision to collapse the class.

Moreover, in light of the fact that the monetary benefits to other taxpayers may be less dramatic than expected by some, coupled by there being no net gain available for municipal revenue overall, we suggest that perspectives and views on these points should be paramount over any consideration of tax benefits that might be expected.

Authority and Protecting Local Autonomy

In a separate report MTE documented that the authority to adopt or collapse this optional class rests with County Council.[5] While we will not revisit that aspect of the discussion here, there is a related issue that warrants careful consideration.

One of the defining eligibility criteria for the Resort Condominium class is that the unit(s) must be located in a local municipality with a population of 10,000 or less, based on the most recent official census.

The next Census of Population, scheduled for 2026, is expected to report a population in excess of 10,000 for The Blue Mountains. If this materializes, it is possible, if not probable, that the Municipal Property Assessment Corporation (MPAC) would be required to eliminate the class on an administrative basis. While we cannot speak for MPAC's interpretation of the regulatory framework, nor speculate on their intentions or decisions, the potential for this involuntary reclassification should be considered a real possibility.

Given this regulatory uncertainty, the author urges the Town and County to advocate for an update to the regulation that raises the population threshold beyond the current 10,000-resident limit. This recommendation should not be interpreted as a recommendation to retain the class indefinitely, but rather as a strategic move to ensure local control over its future.

[5] See MTE Report Titled: "Authority to Adopt or Collapse Optional property Classes: Discussion and Clarification Re: Resort Condominium Class" dated October 28, 2024.

If the population cap remains unchanged, the municipalities may find themselves in a situation where the decision to eliminate the class is made for them rather than by them. This would be an undesirable outcome, even if the eventual decision were to eliminate the class voluntarily. Without taking proactive steps, the municipalities could face criticism for failing to remain actively in control of the process.

The only scenario where this effort may be unnecessary is if a firm decision to eliminate the class is made and ratified prior to 2026. However, even in that case, securing a higher population threshold could be beneficial in the long term, preserving municipal flexibility should there ever be a future need to reintroduce or adapt the class.

Regardless of whether the Resort Condominium class is ultimately retained or eliminated, ensuring that the decision remains in local hands is likely ideal. Taking proactive steps to modify the regulation would safeguard municipal authority, ensuring that any future changes reflect deliberate policy choices, rather than external administrative enforcement.

Of course, there is no guarantee that a request to modify the regulation would be approved. However, the potential risk of losing local decision-making authority likely justifies the making the effort.

Comments Regarding Timing

While prevailing legislation and regulations do not establish an explicit deadline for making changes to class structure, it would not be feasible to eliminate this class for 2025 taxation. The earliest responsible opportunity would be for the 2026 taxation year.

Ideally, such a decision would be made in or before the early fall of the year proceeding the year in which the change would take effect.

Closing Remarks

While the elimination of the Resort Condominium class may seem like a straightforward policy change, the quantitative, equity, and administrative implications must be carefully evaluated.

In particular, decision-makers, advocates, and detractors alike are urged to focus on the real and measurable tax outcomes that would result from this change. The immediate financial implications for owners of Resort Condominium properties would be far more dramatic, both in absolute dollar amounts and percentage magnitude, than any reciprocal tax benefit to other property owners. To put this in perspective:

- There is no other policy decision—short of doubling its entire budget—that either the Town or County could implement that would result in even a slightly comparable tax increase for any class of property.
- Even significant levy increases or shifts in tax ratios would not come close to the scale of impact this change would have on affected properties.

Given this reality, municipal decision-makers must carefully weigh the consequences, ensuring that any policy change is justified, equitable, and aligned with broader objectives.

Appendix A: Unofficial Copy of Section 14.2 of Ontario Regulation 282/98

Section 14.2 Excerpted from Ontario Regulation 282/98 made under the Assessment Act, R.S.O. 1990, c. A.31. Current as of October 28, 2024.

Resort Condominium Property Class

14.2 (1) The resort condominium property class applies within a single-tier or upper-tier municipality only if the council has passed a by-law opting to have the resort condominium property class apply within the municipality. O. Reg. 211/05, s. 1; O. Reg. 384/18, s. 7 (1).

(2) The resort condominium property class shall include land in respect of which all of the following criteria are satisfied:

1. The land is a unit or proposed unit in a condominium.
2. The unit is self-contained and furnished and is operated or managed in a manner to provide transient living accommodation for a fee or charge for minimum periods of less than 30 days.
3. The unit is located in a local municipality with a population of 10,000 or less, as reported by Statistics Canada in the most recent official census.
4. The unit is located within the boundaries of a resort which is operated year-round and which contains, or is adjacent to, a downhill ski complex and an 18-hole golf course.
5. A special Act requires the owner of the unit to be a member of a non-profit corporation without share capital that is established or continued by the special Act. One of the corporation's objects is the maintenance and management of the resort land for which, pursuant to the special Act and the corporation's by-laws, the corporation has responsibility. Under the special Act, the corporation has the power to pass by-laws controlling the use of that resort land. O. Reg. 211/05, s. 1.
6. (3) Revoked: O. Reg. 384/18, s. 7 (2).

(4) This section applies with respect to the 2005 and subsequent taxation years.

(5) In this section,

"proposed unit" has the same meaning as in the Condominium Act, 1998; ("partie privative projetée")

"unit" has the same meaning as in the Condominium Act, 1998. ("partie privative") O. Reg. 211/05, s. 1.