

# New Developments in Resort Living

## Creative Offerings in Ownership Options.

**A**n essential element of any resort development is the types of accommodations offered to users of the resort. In recent years, developers and their attorneys have become increasingly creative in offering a variety of ownership options. Understanding the benefits and burdens of the various options from the consumer's point of view is required if developers are going to be successful in marketing real estate interests, especially in a weakening economy.

BY THOMAS I. ELKIND, ESQ.

The benefits and burdens of the traditional ownership vehicles are well known. Single-family homes have a high purchase price and high carrying costs (taxes, mainte-

nance, utilities, etc.) but provide maximum flexibility to the user. Condominiums were the first attempt to reduce the high purchase and carrying costs while retaining maximum usage flexibility for their owners, but the cost of condominium ownership is still high. Renting homes or condominium units can reduce costs, but it has proven difficult for owners to substantially reduce costs without seriously affecting their desired usage. One recent variation in rental properties is the condo hotel, where units owned by others are rented out by the hotel management. At

the other extreme, hotels provide users with minimal costs (no purchase or carrying costs), but are typically used only for short periods. If used for an extended time, hotel stays can be the most expensive way to use a resort. For some time, therefore, developers have been attempting to reduce the costs of ownership while maximizing usage. It is interesting to note that the same process has been occurring with other consumer goods, such as cars. The concept of giving up ownership and usage to reduce cost is well-established in the automobile leasing business. In that case, the user buys a limited amount of usage for a reduced cost – the user is only paying for the part of a car's life that the user wishes to use. Real estate is now being sold the same way. Time shares and fractional ownership developments are to real estate

now come full circle. We have totally eliminated real estate ownership and maximized flexibility—just like a hotel!

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*To learn more about the benefits and burdens of the variety of ownership options, and which ones may fit best with your resort, attend the New Developments in Resort Living panel session led by Mr. Elkind at this year's NSAA National Convention in San Francisco. Find more brochure information regarding the National Convention inside this issue of the NSAA Journal. ■*

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what leasing is to automobiles. Owners buy only what they want to use, reducing both the purchase price and carrying costs, as well as unneeded usage. Residence clubs have taken the concept to another level, allowing time to be used at other resorts connected by a network of fractionally owned properties. The ultimate vehicle for combining limited ownership with maximum usage flexibility is the destination club, in which no real estate is owned by the user, but the member has a choice of resorts in which to spend a fixed number of days per year. Here, we have

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