



A sustainable urban village – legal structures

27 May 2014

| Specific advice should always be obtained before relying on any aspect of the content of this presentation or associated materials.

Options for structures

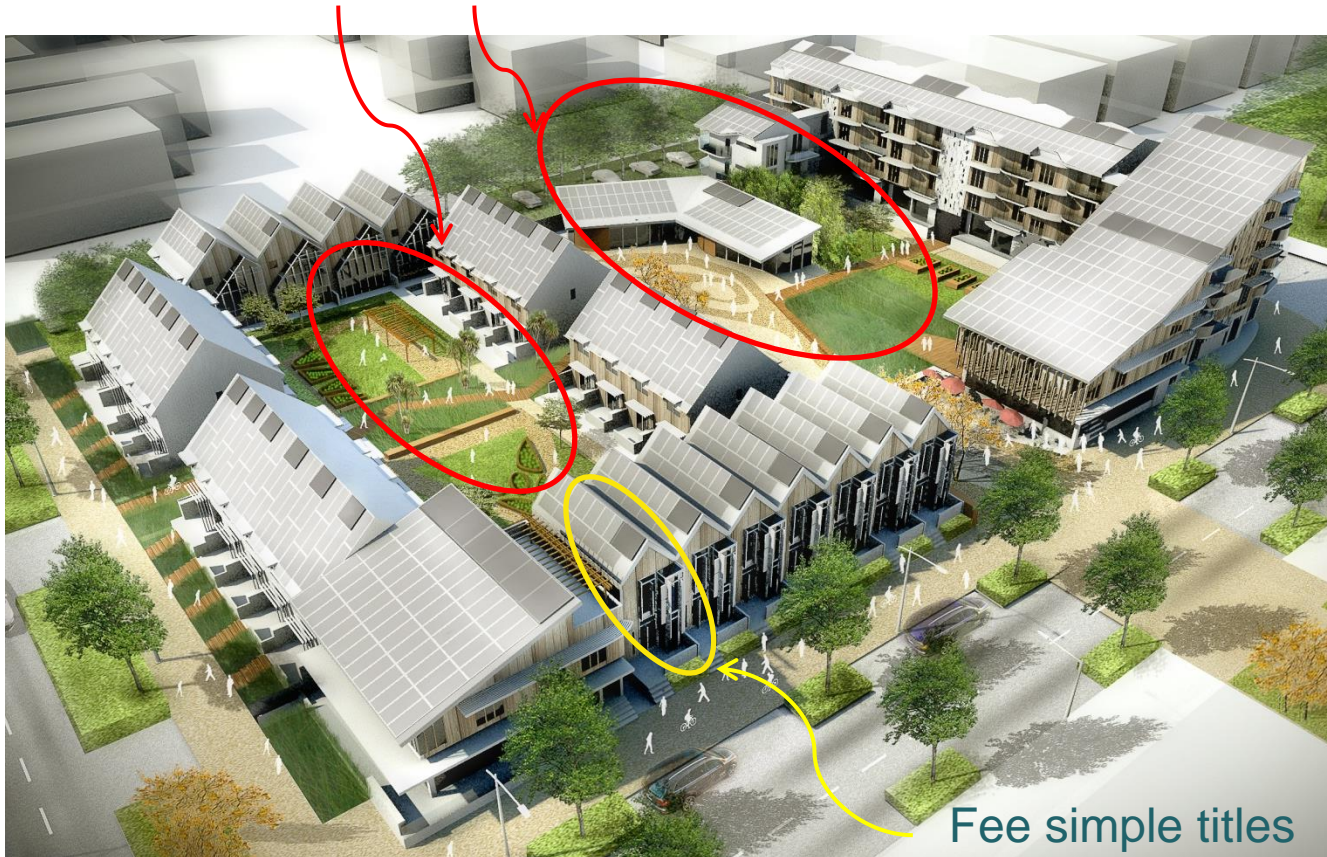
- Community subdivision
- Unit title development (single development)
- Unit title development (layered development)

Community subdivision

- Each person gets a separate fee simple (standard) title for their house.
- Each person maintains the structure of their own house.
- Land covenants place restrictions on what the homeowners can do.
- Common property is owned by a residents' association – each homeowner becomes a member of the association.

Community subdivision

Community-association owned facilities



Fee simple titles

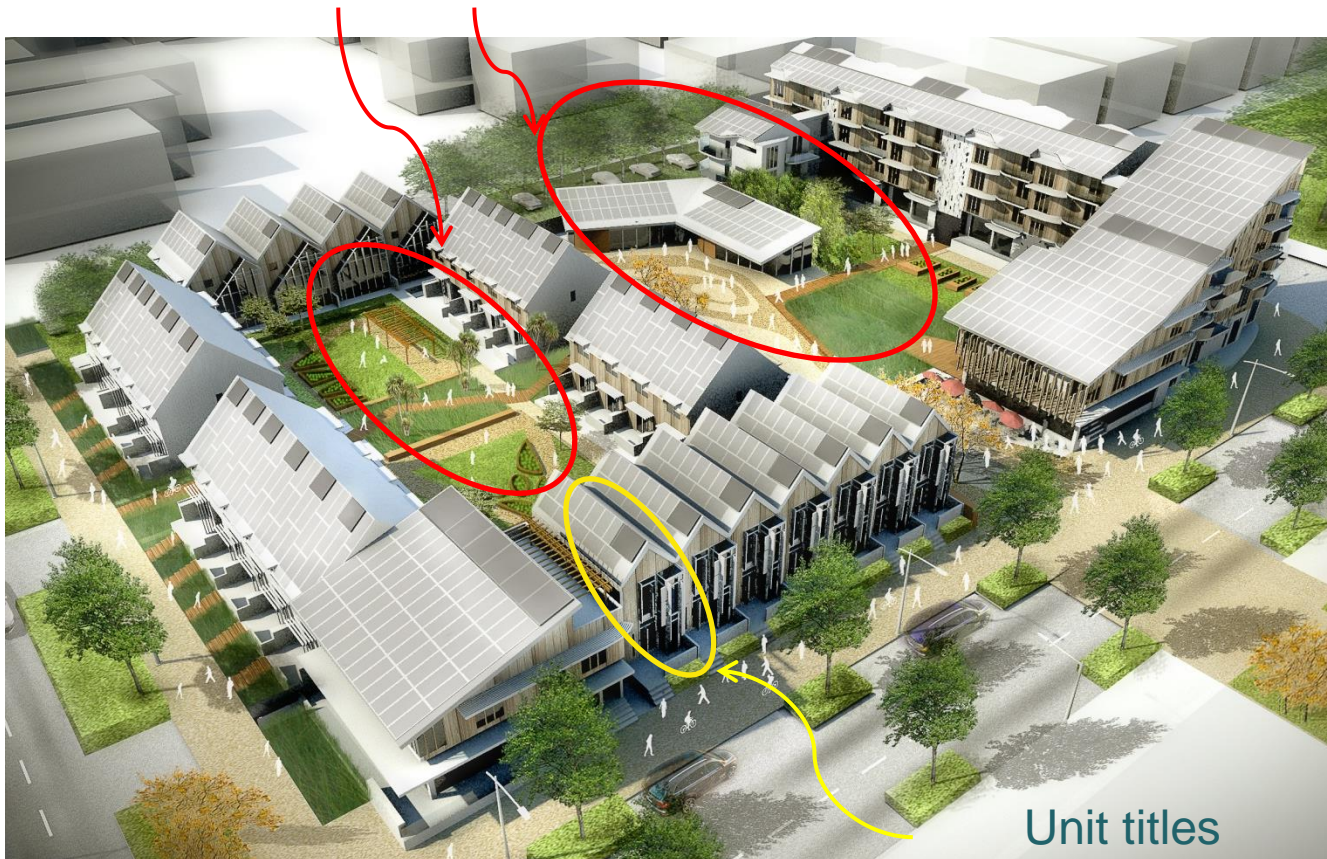
(party wall easements and land covenants
govern maintenance and community rules)

Unit title development (single)

- Traditional method of unit title development
- Each home owner has a unit title.
- A body corporate owns the common property. All unit owners are members of the body corporate.
- The body corporate is responsible for maintenance of the structure, insurance and maintenance of common areas.
- There is flexibility in the new Unit Titles Act to split up charges for this (based on a 'utility interest').

Unit title development (single)

Body corporate owned facilities



Unit titles

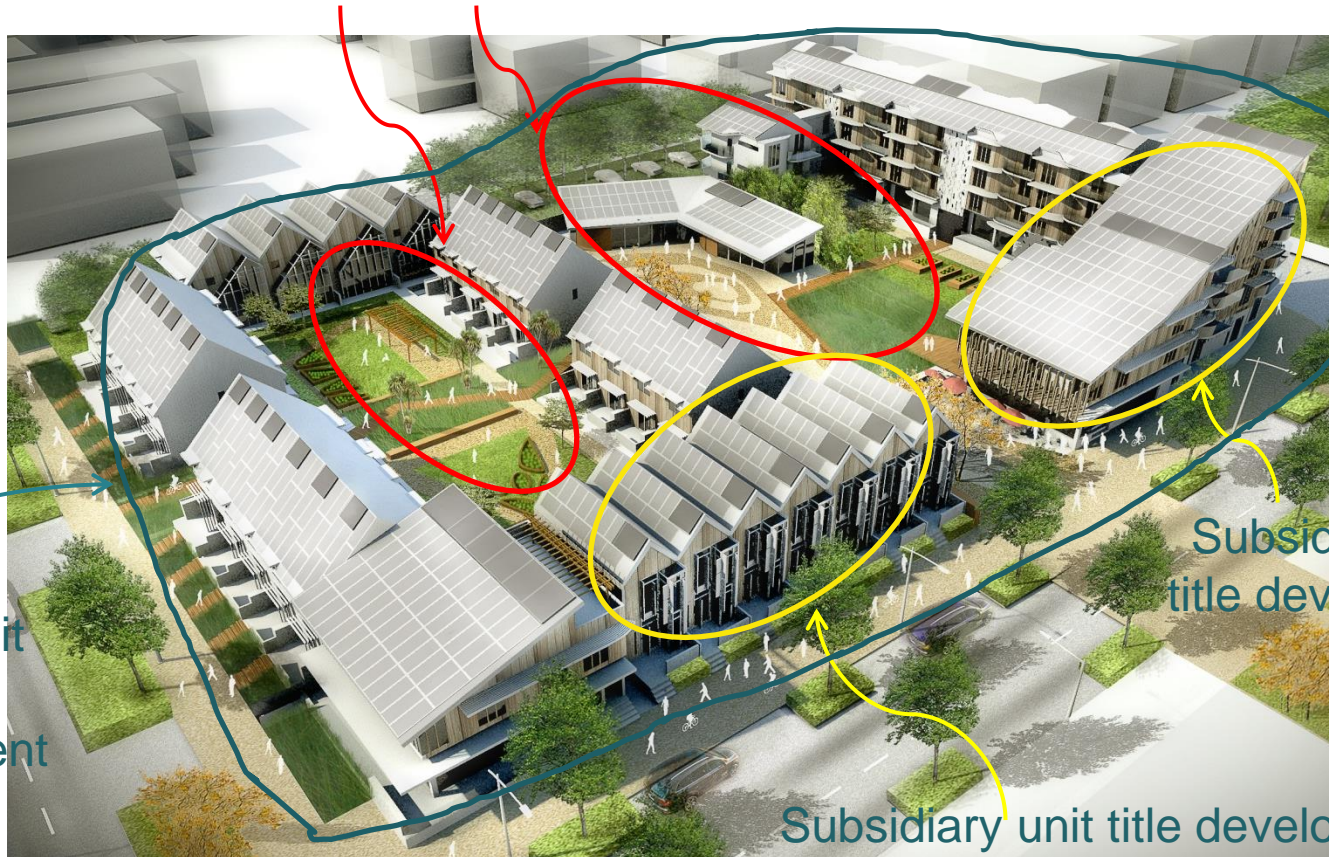
(Unit Titles Act and body corporate rules govern maintenance and community rules)

Unit title development (layered)

- A new concept for New Zealand, but used overseas.
- Several levels of unit title developments:
 - ‘Parent’ unit title development.
(This body corporate owns and looks after the common property that everyone uses, such as community gardens.)
 - ‘Subsidiary’ unit title developments.
(These own and look after the common property that only a subgroup uses, such as lifts and lobbies within an apartment block within the overall development.)

Unit title development (layered)

Parent body corporate owned facilities



Overall parent unit title development

Subsidiary unit title development

Subsidiary unit title development

Or a mixture...

- These options aren't exclusive.
- You could, for example, have a development with:
 - Individually owned houses (fee simple titles);
 - Separate unit title developments for townhouses and an apartment block, or a commercial building (eg, cafes and shops); and
 - A residents' association that owns common facilities for the entire development (eg, community gardens and a community hall).

An example ...

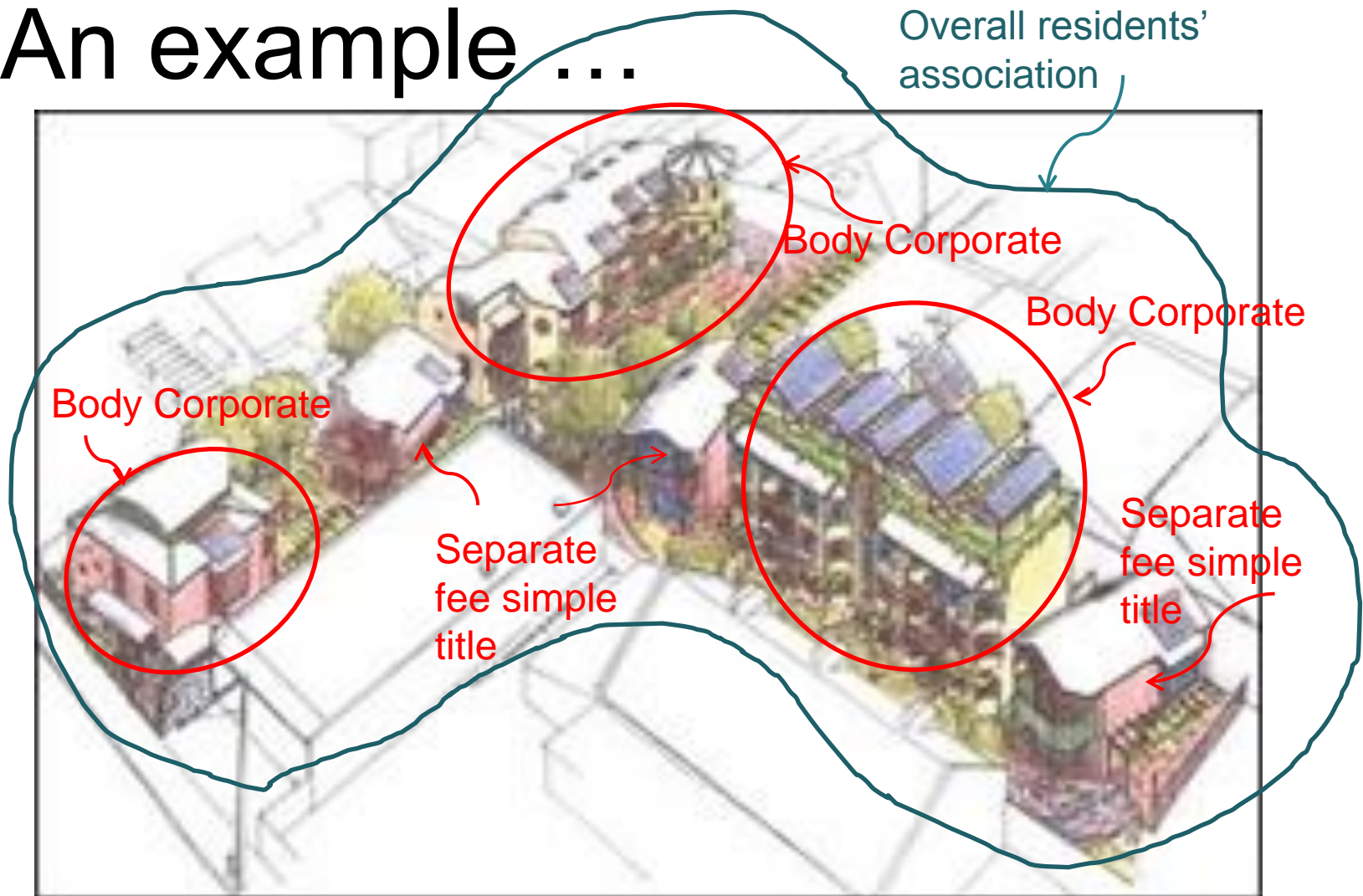


Image: Christie Walk, Paul Downton, ecopolis.com.au

Used for illustrative purposes only. Australia has different body corporate arrangements.

Key issues

- **Cost:**
Historically, residents' associations were expensive as Securities Act requirements imposed cost. From 1 December 2014, this will be removed.
- **What facilities will be common property?**
- **Will the entire community be involved in deciding how those facilities will be used, or will there be subgroups?**
(eg, community gardens for the whole community versus lifts / lobbies for an individual block)