

# Boundary Consultants

Licensed Surveyors

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## Flats Plan / Cross Lease

### What is a Cross Lease Plan?

Cross leasing started in the early 1970's as a way to get a separate title for land while avoiding the subdivision rules of the time. This meant it was significantly cheaper than subdividing. This is no longer the case. The most common form of Cross lease title is where the different owners jointly own the underlying freehold title and then lease back from the other owners their exclusive area. The lease terms are generally for 999 years at a nominal amount.

### What are the Advantages of Cross-leasing?

The Resource Management Act defined cross leasing as a subdivision and therefore removed the major advantage of reduced subdivision costs. Cross leasing is still marginally cheaper than free hold subdivision but there are more disadvantages than advantages.

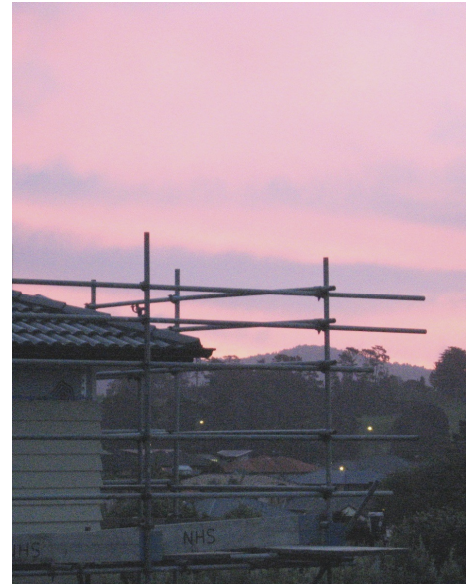
### What are the Disadvantages of Cross leases?

There are several disadvantages of a cross lease title. A lot of the disadvantages arise from the co-owners not relating well with each other. This is more important than in a usual residential situation, as any change to the land or common areas requires joint approval. There can be difficulties with defining exclusive use areas and lease documents vary greatly. One of the major difficulties arises when one owner extends their building and does not update the cross lease title. This is often only discovered during the sale process and can hold up a settlement for months as updating the title requires a resource consent from Council, in addition to the unexpected costs.

### Can I convert to a Freehold Title?

This is usually a straight forward process, but does involve a full subdivision consent application to be approved by council. All the cross lease titles on a property must be accounted for in the subdivision and all the owners must sign the final documents. Sometimes there are upgrading works that are required during this process. This most commonly includes upgrading common driveways to the new shared driveway standards and/or separating any shared drainage.

Boundary Consultants can give more detailed advice on the requirements for a specific property.



FACT SHEET

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