



AMBERLEY BEACH: PROPOSAL FOR MANAGED RETREAT AND LAND BANKING

Hurunui District Council

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Executive Summary

The hazard risk at Amberley Beach is increasing. It is anticipated that the bund will no longer be in 20-30 years. After this time another option will be required. The Amberley Beach Coastal Adaptation Plan includes managed retreat as one of two possible options for addressing this increasing risk.

There are things we can do now to reduce the social and financial burden of managed retreat. One of these is land banking. Council has proposed to partner with the community in a land banking proposal.

What is being proposed?

1. **Purchase of new land.** Council will purchase a block of land imminently. This will involve enough land to develop 200 lots. 109 of these will be reserved for Amberley Beach property owners. The remaining 91 lots will be sold at market rate to help fund the overall development costs of the new settlement.
2. **Contract between property owner and Council.** A contract will be prepared between each property owner and Council. Titles will not be issued until closer to the time retreat is required. Until this time you will own a share in the new land. Your share in the new land will be tied to your existing section at Amberley Beach. If you sell your Amberley Beach property, you will sell your share in the new section too.
3. **Introduce targeted rate.** A new targeted rate of \$1 per day for the next 30 years (inflation adjusted) will be introduced as part of the next Annual or Long Term Plan. This rate buys you a fully serviced section in the new subdivision in exchange for your land.
4. **Prepare Plan Change.** Council will prepare a Plan Change to the District Plan to enable the new land to be used for residential development.
5. **Subdivision Consent.** Council will apply for a subdivision consent. This is likely to be a staged subdivision consent to allow people to move at different times.
6. **Physical infrastructure.** The physical infrastructure will be installed including roading and water infrastructure.
7. **Enter the ballot.** Sections will be allocated by random ballot. When you are ready to move you will enter the ballot for the next stage of development and have a section allocated to you.
8. **Design and construct dwellings.** You design and construct your dwelling. You may also choose to sell your properties at this time if you do not wish to move to the new settlement.
9. **Move to new settlement.** Once the dwelling is complete you can move into the new settlement.
10. **Relinquish old title.** There will be a period where you own the two sections so you can continue to live at Amberley Beach while building your new dwelling. There will be an agreed point when you must relinquish the old title.

As a property owner you will need to decide whether you would like to take part in the proposal.

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1 What could managed retreat look like?

Reducing the risk of a hazard can often be achieved through *defences*, that keep the hazard away from people and property, like the existing bund at Amberley Beach. An alternative approach is to move people and property away from the hazard. This alternative approach is called *retreat*. Increasingly retreat is being considered in the range of options for risk reduction especially in situations where a hazard is being exacerbated or is uncertain due to the predicted impacts of climate change.

Managed retreat is an approach to reduce or even eliminate exposure to intolerable risk. It enables people to relocate assets, activities and sites of cultural significance (to Māori and non-Māori), away from areas at risk from climate change and natural hazards.¹

It is anticipated that the bund at Amberley Beach will no longer be effective in 20-30 years. At this point another option will be needed to ensure the risk to the settlement remains tolerable. Managed retreat via a land swap has been discussed as one of the likely future options. Planning now allows you to relocate on your terms.

Managed retreat at Amberley Beach could occur in one of three ways:

- Land swap, or
- Buy out, or
- Abandonment.

1.1 Land swap

Land swaps involve property owners of high-risk land being offered the opportunity to swap their title for a similar parcel of lower risk land. A land swap has been adopted as the preferred approach to managed retreat at Amberley Beach due to:

- No money being available to buy out property owners,
- The need to protect existing equity in the settlement,
- The ability to leverage Council's ability to borrow money,
- The low capital values of properties within Amberley Beach and the limited ability to purchase new property nearby, and
- The desire to enable the whole settlement to relocate locally together.

The proposal is set out in Section 2.

1.2 Alternative option – buy outs

The estimated cost of purchasing all properties at Amberley Beach and demolishing the existing dwellings is \$36 million. This is based on the 2019 rateable value with an average rateable value of \$307,000. This is currently considered unaffordable at the district level and there is no current mechanism at a national level to assist with this process. Without financial assistance many property owners may be unable to retreat.

A buyout is the preferred approach if funding was to become available. If money becomes available to support buyouts the land swap agreement needs to be flexible enough to enable the settlement to access this money.

¹ Page 80, National Adaptation Plan

1.3 Alternative option – abandonment

Abandonment, sometimes referred to as ‘unmanaged’ retreat, is when property owners voluntarily move away from the area as the risk becomes too great. This is not considered desirable due to the safety issues and the impact on those left behind. Abandoned dwellings can become a place for unsavoury activities reducing the amenity values of the area and could leave those remaining in the settlement feeling unsafe. There is also a risk that those remaining cannot afford to relocate and therefore remain unsafely not by choice but by necessity.

2 What is being proposed?

Managed retreat is not required imminently. The Amberley Beach Coastal Adaptation Plan includes triggers to ensure we can adapt at the right time – not too early or not too late. There are things we can do now to help reduce the financial and social burden of retreat. Land banking is one of these actions.

2.1 Step one – Purchase of new land

Council will purchase new land for the relocation of the Amberley Beach settlement imminently. This will involve enough land to develop 200 lots. 109 of these will be reserved for Amberley Beach property owners. The remaining 91 lots will be sold at market rate to help fund the overall development costs of the new settlement. More detailed logistics of the new settlement is provided in Section 6 below.

This land will be land banked and maintained by Council until it is required. The date it is required is determined by the trigger points set out in the Coastal Adaptation Plan.

2.2 Step two – Contract between property owner and Council

Titles will not be issued until closer to the time retreat is required. Until this time you will own a share in the new land. Your share in the new land will be tied to your existing section at Amberley Beach. Council will arrange for its lawyers to draw up a contract between each eligible property owner and Council setting out the terms of the land swap agreement.

A draft contract will be provided to the community for comment. As with any property purchase you may wish to seek legal advice on the contract prior to signing. Property owners may wish to work together and employ one property lawyer to review the details of the contract. Any requested amendments to the contract will be made at the discretion of Council.

A final contract will be prepared and circulated to all property owners. All property owners will be asked to sign the same agreement. It will be a take it or leave it offer, and every contract will be identical.

2.3 Step three – Introduce targeted rate (or similar)

A new targeted rate of \$1 per day for the next 30 years (inflation adjusted) will be introduced as part of the next Annual or Long Term Plan. There will be the option to pay this as a one-off payment of \$11,000.

This rate buys you a fully serviced section in the new subdivision in exchange for your land.

2.4 Step four – Prepare plan change to the Hurunui District Plan

A Plan Change will be required to the District Plan to enable the new land to be used for residential development. This needs to occur prior to relocation but there is no rush to complete the Plan Change.

This will be one of your opportunities to help influence what the new settlement should look like. There may be an opportunity to include this as part of a wider planning process to reduce the cost of the process and therefore could happen well in advance of the need to retreat.

2.5 Step five – Subdivision consent

A subdivision consent will need to be applied for once the trigger point is reached and a decision has been made to retreat. This could be a staged subdivision consent to allow the community to retreat over a longer period. More details on how the subdivision could work are provided in Section 6 below.

There are opportunities at this time to consider what land covenants may, or may not, be desirable. The purpose of this proposal is to make relocation affordable for property owners and therefore there may be merit in carefully considering what requirements are necessary. Too many requirements could drive the price of building up and make retreat unaffordable.

2.6 Step six – Physical infrastructure

Council will arrange for services to be installed to the subdivision in anticipation of relocation. This includes things like pipes for wastewater and drinking water, the roading network and telecommunications. There is no additional cost to you for this work. The cost of this infrastructure is covered by the initial \$11,000 paid by property owners.

2.7 Step seven – Enter the ballot

The subdivision is likely to be undertaken in stages over several years. When you are ready to move you will enter the ballot for the next stage of the subdivision. The number of sections developed as part of a stage will be roughly double the number of Amberley Beach property owners that are ready to move. It is intended that all Amberley Beach property owners that enter the ballot for a certain stage will be provided a lot within that stage. All sections will be roughly the same and you will be randomly allocated a lot.

Different property owners will have different drivers for when they move. Some property owners may:

- Face a higher level of risk and need to move sooner,
- Wish to move early because their existing dwelling requires significant maintenance that isn't worth the investment given the imminent move,
- Have personal reasons for their timing,
- Wish to move at the same time as neighbours or friends.

You will get to choose which stage you enter.

2.8 Step eight – Designing and constructing dwellings

You will be responsible for constructing and building your new dwelling. This is at your cost. There may be an opportunity to relocate some of the existing buildings from Amberley Beach to the new settlement. The age of many dwellings at Amberley Beach may mean it is uneconomic to relocate these. All buildings, new or relocated, will be required to meet the current Building Code.

When you take ownership of your section it is up to you what you do with the section. If you would prefer to move elsewhere you are able to sell your properties and allow a new purchaser to build on the land.

2.9 Step nine – Move to the new settlement

People shift to the new settlement as their new dwellings are ready to occupy.

2.10 Step ten – Relinquish old title

There will need to be a period where you own two properties. This will enable you to build at the new settlement while still living at Amberley Beach. There will need to be an agreed point when you must relinquish the old title. The timing of this transfer will be set out in the contract between the Council and property owners.

3 The importance of land banking

To help fund managed retreat Council has proposed to purchase this land imminently and land bank this land until required. Amberley Beach property owners would hold a share of this land to enable them to retreat when the time comes. This helps to reduce the future cost of retreat. The details of how land banking would work are set out in Section 2.

3.1 Protection of equity

It is anticipated that as the risk rises property values will decrease. This is the same across New Zealand. For many their Amberley Beach property is their only significant asset and they have limited ability to obtain a new mortgage.

Therefore, protecting the existing equity is important for several reasons:

- It enables those who wish to sell and buy elsewhere to do so. It is proposed that your share of the new land would be tied to your existing property title. This means if you sell your house, you are selling both your Amberley Beach property and your share in a block of land. The new section helps offset the falling value of the old section. Holding the value of the land is important for everyone, it doesn't matter if you are moving overseas, to Christchurch or up the road to a rest home – everyone will need equity to relocate.
- When you take ownership of the new section you will own a completely mortgage-free, fully serviced, freehold section. In today's money it is anticipated the sections are worth approximately \$220,000. You can choose to sell the section (alongside any rights you still have at your old section) and take the money. Alternatively, you can use the section to help gain a mortgage. This means that for an \$11,000 investment you have equity.
- It may mean you can continue to develop your existing section with appropriately designed buildings. If you need to rebuild a garage you could ensure it is relocatable so you know when the time comes you could move it to your new section.
- If properties lose value, it may be desirable for owners to abandon them completely. Abandoned dwellings affect the cohesiveness of the settlement and can attract unsavoury activities. Protecting the equity in the settlement enables a structured retreat on your terms.

3.2 Enabling retreat in future

Land banking isn't required for managed retreat, but it helps to offset the costs to individuals. Currently there is no money available for buyouts. Land banking enables us to buy land while it is affordable and hold it until it is required. This helps minimise the costs incurred by all parties in the future.

If money becomes available either proactively from Central Government or reactively from insurance, you already own a new section and have somewhere known to go to. Without land banking the costs of retreat will be higher, and there may be some within the settlement who are unable to afford to do so.

We have time until retreat is required. Some in the settlement will never need to retreat and it may be your descendants who do so. Knowing retreat is possible, or likely, allows you to consider how you may prepare yourself to do this in 20-30 years.

3.3 Funding future adaptation

We know the bund will no longer be effective at some point and doing things differently will cost money. Council can only use rates for the purpose they are gathered for. Council would like to ensure the money is able to be used for three purposes:

- Managed retreat, or
- Hard protection if retreat is not required, or
- Returned to property owners if not required for retreat or hard protection.

Land banking enables retreat; however it can also provide a funding stream to help support other adaptation options such as hard protection. We don't know exactly what the future looks like and best-case scenario the settlement never needs to retreat. If hard protection is considered the best option, it will be expensive. If retreat is not required, we could sell the new land instead of subdividing it. The revenue from the sale could help fund hard protection. This may make the cost of hard protection less prohibitive for future landowners. Alternatively, if no adaptation is required then this money will be returned to property owners, this benefit becomes part of any property sale.

3.4 Proactive funding stream

The community have always funded the construction and maintenance of the bund. The money has always been saved in advance to prevent the settlement going into debt. Debt is the backup option. Land banking adopts the same principle.

Land banking helps to enable managed retreat or hard protection which leaves options open and the decision in the hands of a future community. Future options may be limited if no money is available; it may become a matter of what is affordable instead of what is best.

3.5 Having a known plan

Land banking helps to establish a plan for managed retreat. It helps reduce the financial burden but also ensures everyone knows what is coming and allows people to prepare. For many the idea of moving will be daunting, upsetting, or scary. However, needing to move without anywhere to go, sufficient notice, or any money to do so, would be so much worse.

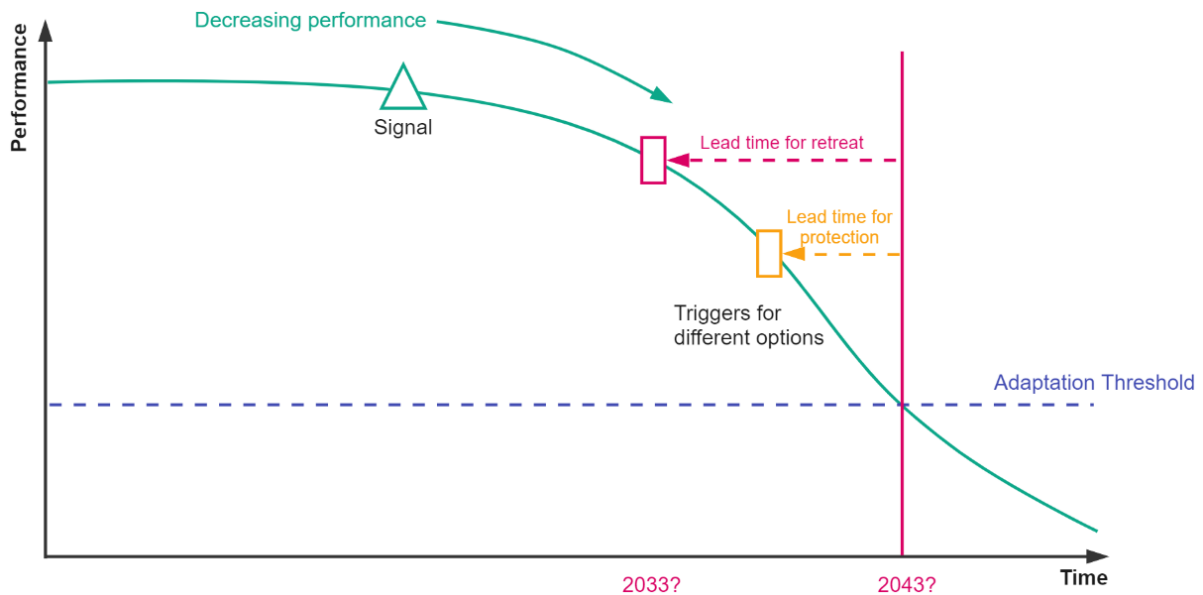
4 Timing

The Coastal Adaptation Plan sets out triggers for change. Once the trigger point is reached and a decision is made work towards the new subdivision can commence. It is estimated we need approximately ten years to enact managed retreat once the decision has been made to ensure everyone is able to retreat in time.

Council has suggested that the subdivision is a staged subdivision that occurs over several years. A staged subdivision would allow people to enter the ballot when they are ready to move. If a large event happened there would be the option to bring the timing of the subdivision forward to enable those with insurance pay-outs to build at the new subdivision instead of building back in the old location.

The diagram below provides some high-level estimates of timing. As the bund is estimated to be effective for another 20-30 years it is based on the bund no longer being effective in 2043 after 20

years. However, the plan is trigger based not time based. If change happens much faster than expected retreat may be needed sooner. Alternatively, if change happens slower the bund may still be effective in 30 years or longer.



In the ten year period between the trigger being reached and the adaptation threshold being reached the following actions are required:

- Plan Change
- Subdivision Consent
- Physical Construction works
- Construction of dwellings.

4.1 Property sales

Once you have committed to the land banking proposal the contract will pass over to the new owner. They will be buying both your existing section and your share in the new section. There will be no opportunity to sell one without selling the other.

4.2 Deceased estates

Your new section is tied to you existing section at Amberley Beach. This means if you pass away before retreat occurs it will become part of your estate. You may wish to discuss the proposal with your descendants. The contract will be between the property owner and Council. When the property owner changes the contract stays in place. There is an opportunity for descendants to participate in the proposal as the future owner. They may be able and willing to help pay the \$11,000 to protect their inheritance. They may also want to be part of the discussion around what the future settlement looks like.

5 Costs

Two options for managed retreat at Amberley Beach were priced. The first was for a buy out and the second was for a land swap. There is currently no money available to buy property owners out and therefore the cost of this option is effectively the money that individuals stand to lose (approximately \$36 million based on 2019 RVs). The land swap option was preferred as it helps provide some compensation to landowners and a pathway forward.

5.1 What is the cost to me?

Council has developed the process outlined in Section 2 to keep costs to a minimum. It will cost you \$1 per day for 30 years (inflation adjusted) or \$11,000 as a one-off payment. This buys you a fully serviced section in the new subdivision in exchange for your old land. It is intended that you will only pay rates on one property. Officers will ask Council to waive the rates on the new section until the section is to be developed.

The cost of building, or relocating an existing home, is your responsibility. If it is your children who are likely to be the ones to move, you may wish to speak to them about the proposal. Early planning enables you to relocate on terms that suit you and your family.

Your existing dwelling and anything else on your section belongs to you.

5.2 Pricing a land swap

The below summarises how retreat via a land swap was costed and how the new subdivision is to be funded.

5.2.1 Cost of managed retreat

To compare managed retreat to hard protection options we needed to cost it. At this point it doesn't matter who is paying, just what the total cost is. The total estimated cost of a land swap is \$50 million. The estimate aims to replicate a like for like settlement relocation and is based on average costs.

The minimum site size is priced at 700m², this is based on the current District Plan rules for the Residential 1 Zone. The average property in Amberley Beach is currently about 669m² and therefore 700m² sites are broadly consistent with the existing average.

Similarly, most dwellings within the settlement are modest. Most are under 100m², and several are significantly smaller than this. There are a few dwellings in the settlement that are significantly bigger than the average dwelling. As the aim of the pricing was to replace like for like 120m² was used as a conservative average. It is noted that the era of little baches may have passed, and a new trend of holiday homes has emerged. This alongside the number of permanent residents living in the settlement may mean that dwellings get rebuilt bigger and at higher cost than simply replacing the current development. This is not covered by the cost of managed retreat as it goes beyond like for like replacement.

The indicative overall costs of retreat are summarised below. Council's proposal covers the costs associated with the purchase of land and the subdivision of this land. The additional costs will need to be met by property owners or by external funding sources.

Action	Indicative cost
Purchase of suitable land	\$1,000,000
Subdivision of land through to title based on 109 sections of minimum of 700m ²	\$7,630,000
109 new 120m ² dwellings	\$39,240,000
Demolition and disposal of existing dwellings	\$2,180,000
	\$50,050,000

These costs do not include:

- The plan change process – there may be opportunities to include this as part of another planning process to help reduce the costs.
- The costs to rehabilitate the land and provide for recreation use – until the future land use of the site is determined it is difficult to price this.
- Legal costs.

To make retreat affordable there are opportunities to help manage these costs. How these costs might be met is discussed in the Section 5.3 below.

5.3 Offsetting these costs

Council has proposed to purchase enough land to create a 200-lot subdivision. The total cost of the land purchase and subdivision works is estimated to be \$15 million.

Action	Indicative cost
Purchase of suitable land	\$1,500,000
Subdivision of land through to title based on 200 sections of minimum of 700m ²	\$14,000,000
	\$15,000,000

If 109 Amberley Beach properties each pay \$11,000, this is a total of \$1.2 million. Council will then sell the remaining 91 sections at market rate. It is anticipated the sections will be valued at \$220,000 in today's money; \$180,000 was used to ensure that should the sections not sell for the desired amount the proposal is still viable.

Action	Indicative cost
109 sections pay \$1 per day for 30 years (\$10,950 per property total)	\$1,200,000
91 sections pay market rate (\$180,000 to allow contingency)	\$16,380,000
	\$17,580,000

The proposal generates approximately \$17.5 million. There will be additional costs that need to be recovered from this money such as legal fees and real estate costs.

5.4 Alternative funding avenues

Council will continue to explore options for additional financial assistance. This will include working with Central and Regional Government.

6 The new settlement

Retreat is not anticipated to be required for some time and therefore all details of the new settlement do not need to be worked through now. What you may want in 20 years' time may differ significantly compared to what you want now. Some general information is provided below.

6.1 Section size

Best effort will be made to ensure all sections are designed so they are roughly comparable. The current minimum lot size is 700m² for properties zoned Residential 1 in the District Plan. It is

anticipated that all sections will be as close to this size as possible. There will be some natural variance, and sections with features limiting building works may be made slightly bigger to enable a suitable building platform.

There may be an opportunity to develop some smaller sections. This could include space for tiny homes, over 60s units or just provide for people who want a smaller section. The cost of development is in the number of lots, not the section size. Therefore, financially there may not be a significant difference in the price of these sections.

It is not anticipated that Council will get involved in facilitating smaller or larger sections. There may be some opportunity at the time of subdivision for private agreements trading a portion of land. Similarly, if a property owner wishes to purchase a particular lot this will be a private matter to be settled between affected property owners.

6.2 Allocation of sections

There will be sections that are preferable for whatever reason. All sections will be allocated by ballot. If you are ready to relocate at Stage One then you would enter the Stage One ballot. If we expect fifteen property owners to relocate in Stage One we can look to develop around 30 lots. The sections allocated for sale and the sections allocated to Amberley Beach property owners are all drawn at this time from the ballot. The process would repeat for the remaining stages.

If there is an immediate need for properties to relocate, we can open up more sections or allocate a higher portion of sections to Amberley Beach residents.

6.3 Building design

Amberley Beach is not Amberley, but the new Amberley Beach would be a new subdivision. At the time of subdivision there is the opportunity to prescribe covenants for the subdivision. The community will need to determine what additional controls need to be placed on development. It may be preferable that additional controls are limited. This would enable some of Amberley Beach's character to be retained in the new development. It would also help make relocation affordable. Planning controls that are too rigorous could drive up the cost of building. This will need to be balanced with the need for a pleasant subdivision at the time.

Some dwellings may be able to be relocated from the old settlement. This could include any recently constructed sheds or garages. The age of many dwellings at Amberley Beach may mean it is uneconomic to relocate these. All buildings, new or relocated, will be required to meet the current Building Code. This will improve the quality of the housing stock.

6.4 Amenities

The new settlement will have public reserve land set aside. The use of the reserve land will be determined by the community closer to the time. This could include playgrounds, walking tracks or a camping ground.

7 The future of the old settlement

Infrastructure within the Amberley Beach settlement will continue to be maintained as per the agreed Levels of Service set in the Long-Term Plan. The community can submit on the Long-Term Plan if a higher Level of Service is desired. Submitting on the Long-Term Plan is free but there may be a cost to the community if the Level of Service is to be increased.

No significant capital works are currently anticipated or planned at Amberley Beach. When a decision to retreat has been reached the Levels of Service may be adjusted to reflect the proposed action. This could include removing the existing three waters infrastructure once most property owners have relocated and providing services to the remaining properties an alternative way.

Once the settlement has retreated there is the opportunity to turn the old settlement into reserve land providing for walking and cycling tracks. It may also be possible to retain some camping facilities within the old settlement. This would allow future generations to stay at the “Old Settlement”. There will be an opportunity to seek funding partners to improve the biodiversity in the area which will help provide an attractive community reserve in easy walk of the new settlement.

There may also be opportunities to use some of this land to generate revenue in the short term through leases.

8 I’m not keen

It’s ok if people don’t want to take part in the land banking proposal. We can reduce the size of the proposed subdivision to cater for those that do. Land banking is intended to help give you control of your future.

8.1 What will happen if I stay and most people leave?

Council will continue to provide you with infrastructure although the way we provide this may change. With less people you can expect a lower level of service. For example, you may be required to have a water tank that is periodically topped up to provide your dwelling with water.

There may come a time where the hazard risk makes the home unsafe to live in, at this point Council or Civil Defence Emergency Management may be forced to prevent occupation of the dwelling.

8.2 Will you force me to leave?

There is no plan to force anyone from their dwelling. The purpose of the Coastal Adaptation Plan and the associated Land Banking Proposal is to give you control of your future. Having a plan to proactively retreat means that you can retreat on your terms without suffering the loss from a significant weather event.

If most of the settlement do relocate protection works may become uneconomic for the remaining households. This may significantly increase the risk to your dwelling.

8.3 If I take part in the land banking proposal do I have to move to the new settlement?

When you take ownership of your new title it will be up to you what you do with the land. If you do not wish to build you will be able to sell your properties and use the money to move elsewhere. Your titles will be tied together so you will need to sell both together or relinquish your old title prior to the sale.

8.4 What are my other options?

Council is offering to help facilitate a managed retreat programme leveraging off Council’s borrowing power and the economy of scale of a collective retreat. The land banking proposal helps to guarantee you a very cheap, safe piece of land should you need to retreat in future. Alternatively, it offers money towards additional protection for the settlement, or a pay out on your investment if retreat or protection works are not required.

The risk to Amberley Beach is increasing. You do not have to participate in the collective agreement, but you may still wish to consider what your rainy-day plan is. There may come a time when the risk to your property is too great, you can't get insurance, and you do need to move. How are you going to make this happen?

8.5 I'm keen but I can't afford to build

The bund is anticipated to be effective for another 20-30 years. Over this time everyone in the settlement will be in a different position to where they are now. A mortgage-free, freehold section is somewhere to start. Everyone is in a different situation. For some the section will help them to obtain a mortgage to build. Others may need to consider if you will be the ones building at all. Is there an opportunity for your children to help with the cost of building as a future investment for them? Alternatively, do you just need the new section to help hold the value in your existing section long enough to enable you to sell?

Alternatively, we don't know what additional financial help may be available. For example, maybe there is national funding assistance at some point or if a large weather event does occur maybe there is insurance money to help you build. We can only offer a serviced section, but this is some equity and somewhere to start.