

Dear Sir/ Madam,

I refer to the proposed measures requiring banks to restrict lending for primary dwelling purchase above 80 per cent Loan to Value (LTV) to no more than 15 per cent of the aggregate value of all housing loans for principal dwelling home purposes;

and

The proposal to restrict lending for primary dwelling purchase above 3.5 times Loan to Interest (LTI) to no more than 20 per cent of that aggregate value.

On behalf of the many constituents who have contacted me on this issue I ask that in giving further consideration to these measures, the Central Bank takes the following issues into account:

1. The need for 25,000 new families per year to create homes throughout Ireland and the effect that more restrictive mortgage measures could have on a range of Government policy areas from homelessness to jobs and competitiveness.
2. The regional inequity that currently exists in terms of house prices and the discriminatory effect that your proposed new measures would have on a person buying a home in a high priced East Coast location versus the person who requires a proportionally lower deposit in a lower priced zone. The simple mathematics of this is that the requirement for a 20% mortgage deposit on a 350k home is a far more onerous demand than a 20% deposit on say an equivalently sized 150k home in a lower priced area.
3. The long period of home purchase stagnation post the economic crash has been accompanied by a period of high rents. People saving for deposits during this period have been restricted by the abnormally high cost of accommodation and other overheads forced on the State by the economic crisis. Achieving a 10% deposit in the most recent economic climate for many people demonstrates a very serious commitment in difficult circumstances. This aspect should be given appropriate weighting when considering the ability of this type of committed saver to meeting future repayment obligations.
4. There is a legitimate expectation of lending approval, held by many young families who have been engaging with their banks on the basis of a 10% deposit requirement, and who have made real sacrifices to reach that level of saving.
5. The wider effect on society including the effect on older people who may feel obliged to reduce their own pension security in order to help younger family members achieve an impossibly high deposit criteria.
6. There has been some discussion about an insurance type scheme to reduce the risk for banks when lending more than 80% of the property value. This type of mitigating measure would allow a much higher percentage of 90% mortgages and should be given close consideration before adopting the restrictive lending rules under current consideration.

I would be much obliged if you could give your urgent attention to the above. I am available to meet with you to discuss this matter further on behalf of the many constituents of Wicklow and East Carlow who are or will be affected by the Central Bank's 'macro prudential policy proposals for residential mortgagee'.

Yours sincerely

Anne Ferris TD