

From: Cameron Burrows [mailto:Cameron.Burrows@parliament.govt.nz]
Sent: Friday, 1 March 2013 5:22 p.m.
To: Vinayak Nagara; Bernard Hodgetts; Grant Spencer
Subject: Macroprudential cab paper

Hi all

Please find attached the final Macroprudential cab paper that was circulated to Ministers. The major change from the version you sent over is to the recommendations – which Cabinet office changed. There are also minor changes to paragraphs 24 and 28.

Thanks for all your help getting this together this week. I really appreciate it. Hopefully we can get that consultation document out later on Monday.

Cheers
Cam

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From: Cameron Burrows [mailto:Cameron.Burrows@parliament.govt.nz]
Sent: Thursday, 25 July 2013 11:38 a.m.
To: Bernard Hodgetts
Subject: RE: First home buyers - Value of Mortgages

Thanks very much for that.

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From: Bernard Hodgetts [mailto:Bernard.Hodgetts@rbnz.govt.nz]
Sent: Thursday, 25 July 2013 11:29 a.m.
To: Cameron Burrows; Matt Burgess
Subject: First home buyers - Value of Mortgages

Cam, Matt

Some numbers as requested during our discussion earlier.

Cheers
 Bernard

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Based on the June 2012-May 2013 period

Annual value of new mortgages	\$49bn
Annual value of high-LVR mortgages	\$14bn
Annual value of mortgages to first home buyers	\$10bn
Of which high LVR	\$6bn
Of which low LVR	\$4bn

From: Annalise Vucetich
Sent: Friday, 16 August 2013 3:23 p.m.
To: Cameron Burrows (cameron.burrows@parliament.govt.nz)
Cc: Annalise Vucetich; Bernard Hodgetts
Subject: LVR Regulatory Impact Assessment

Good afternoon

Attached is a draft regulatory impact assessment of the introduction of LVR restrictions, along with a covering memo.

Hard copies will be delivered shortly. Please call me or Bernard Hodgetts if you have any questions.

Kind regards

Annalise

Annalise Vucetich

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From: Mike Hannah
Sent: Monday, 19 August 2013 12:52 p.m.
To: Craig Howie ; Cameron Burrows
Cc: Angus Barclay; Naomi Mitchell
Subject: DRAFT Speech and Media Release: The Introduction of Macro-Prudential Policy August 2013
Importance: High

Hi – Attached FYI are current drafts of the Governor’s speech tomorrow and news release.

These are embargoed to 2pm. Media and banks do NOT know about any speech yet, we’ll put a web alert up this afternoon noting a speech upcoming tomorrow at 2pm, but with a more generic title. Nor will they know what’s in the speech (ie, a sensitive announcement) until they receive it tomorrow at 2pm.

Call me if there are any questions.

Regards
Mike

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From: Mike Booker
Sent: Wednesday, 9 October 2013 10:06 a.m.
To: 'cameron.burrows@parliament.govt.nz'
Cc: Mike Hannah; 'Katy Greco-Ainslie'
Subject: LVR OIA FYI - Corin Higgs

Hi,

FYI – attached are documents (with redactions etc identified in comments) that we plan to release under a Corin Higgs OIA (due 15 October).

Attached is batch 1 – our IT system limits size of attachments.

We plan to release this information next Monday.

Mr Higgs' OIA was for:

1. *All advice and reports including but not limited to aide memoires, evaluations and briefings produced by the Reserve Bank since my previous OIA request dated June 18 2013 (fulfilled July 30 2013) regarding the implementation of temporary restrictions on high-LVR residential mortgage lending*
2. *The redacted portions of advice and reports provided under my previous OIA request dated June 18 2013, should the reason(s) for redaction no longer apply*
3. *All withheld advice and reports provided under my previous OIA request dated June 18 2013, should the reason(s) for withholding no longer apply.*

#1 will be covered by the proactive release by the RB and Treasury later this month. We are compiling a list of all documents that fit this request.

#2 & 3 still need to be dealt with.

Cheers
Mike

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From: Angus Barclay
Sent: Wednesday, 23 October 2013 3:48 p.m.
To: GOVS
Cc: Bernard Hodgetts; John Grey; Nick McBride; Mike Booker; Mike Hannah; 'Cameron.Burrows@parliament.govt.nz'; 'daniel.Snethlage@treasury.govt.nz'
Subject: For proactive release - Memo to Minister on LVRs and first home buyers

Hello colleagues

We're currently working towards a proactive release of LVR-related documents tomorrow afternoon, to coincide with similar releases by the Treasury and MBIE.

There was some question about whether or not to include the attached Aide Memoire to the MOF. Memo to Minister on LVRs and FHBs Final <http://docs/webtop/drl/objectId/090000c38044ba4e>

After discussions with the Minister's office, Treasury, our in-house legal team, Bernard Hodgetts, and my colleagues in the communications team, I am keen to include the document in with the rest of the information being released. Grant Spencer has agreed to the release.

A bit of context

The Minister has publicly discussed the information in the document.

A journalist has previously made an OIA request to the MOF for the document, and was turned down on the basis that it could soon be available.

The document contains little that is new but does very nicely summarise previously existing material in concise way.

The Treasury plans to release something very similar - an 8 July Aide Memoire to the MOF about first home buyers.

Cheers
Angus

From: Bernard Hodgetts
Sent: Thursday, 24 October 2013 11:19 a.m.
To: 'Matt Burgess'
Subject: RE: Contact details

Matt,

Below is a copy of the request sent to banks on the effects of LVRs on new construction.

Bernard

Pre-LVR restrictions

1. What proportion of residential mortgage loans (by number and value) for new builds had LVRs exceeding 80%?
2. What was the maximum LVR typically available for an owner-occupier build across the following situations:
 - a. Turn-key building
 - i. apartment
 - ii. terraced house
 - iii. stand-alone property
 - b. Housing under construction
 - i. apartment
 - ii. terraced house
 - iii. stand-alone property, owner-build
 - iv. stand-alone property, build-to-order
3. For the following categories, what was the average share of new build lending, and the high-LVR share of this:
 - i. Housing under construction (broken down by owner-build/build-to-order/higher risk 'off the plans' if easily available)
 - ii. Turn-key lending
4. a. What proportion of people taking residential mortgage loans for new builds would be first home buyers?
 b. What proportion of these would have LVRs exceeding 80%?
5. a. What proportion of people taking residential mortgage loans for new builds would be investors (intending to rent the property?)
 b. What proportion of these would have LVRs exceeding 80%?
6. Please categorise your various types of new build lending and associated risk e.g. probability of default, loss experience relative to other types of housing lending.

Post-LVR restrictions

7. a. Do you expect to continue offering high-LVR loans for new builds?
 b. What is your approval policy for new builds relative to other residential mortgage lending?
 c. Is there any material difference in decline rates for new builds relative to other housing lending (pre- and post-LVR restrictions)?
8. Given LVR restrictions and shorter pre-approval periods, what particular challenges might this place on new build lending?

9. New builds often run over in value due to the non-fixed nature of building. What challenges might this raise in managing high-LVR housing under construction lending under 80%?
10. a. Do you expect to be able to use bridging/portability exemptions for some new build lending?
b. Do you see any particular challenges in doing this?
11. Turn-key building lending requires commitment up front but drawdown occurs in the medium term e.g. 12-18 months. How does your bank intend to accommodate this lending with LVR restrictions in place? How would cost overruns be managed?
12. Please explain the valuation process in relation to HUC i.e. at what stage are valuations assigned to the property as it is being built, and what valuation methodology is used?
13. a. How do you expect LVR restrictions to affect Christchurch rebuild lending?
b. Are there any special issues for rebuilding homeowners that interact with LVR restrictions?

From: Matt Burgess [<mailto:Matt.Burgess@parliament.govt.nz>]

Sent: Thursday, 24 October 2013 11:14 a.m.

To: Bernard Hodgetts

Subject: Contact details

Thanks Bernard

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From: Mike Hannah [<mailto:Mike.Hannah@rbnz.govt.nz>]
Sent: Friday, 1 November 2013 4:44 p.m.
To: Joanne Black
Cc: Craig Howie
Subject: Average mortgage

Joanne – Average mortgage approvals on our website (go to <http://www.rbnz.govt.nz/statistics/tables/c16/> and divide the value of loans by the number of approvals) show the average mortgage approval was \$187,738 at the end of September (falling to \$171,405 at the end of October).

Our new LVR collection, unpublished as yet, goes to September, and shows the average dollar value per loan was \$213,000. I'm not sure what the difference is between these two. Still checking on this.

Within this, the average mortgage:

- with an LVR >90% was \$322,000
- with an LVR >80% was \$292,000
- with an LVR ≤ 80% was \$193,000

Note that this is still subject to reporting by banks (and getting them to report the same way as each other). And the averaging process means we lose some detail. For example in the high LVR buckets we have a mixture of first home buyers (likely to have relatively large mortgages due to low deposits) and existing mortgage holders with top-ups (likely to be relatively small amounts).

Have a good weekend.

Mike

Mike Hannah

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