

To: macroprudential@rbnz.govt.nz

The following is a personal submission to the consultation paper *“Adjustments to restrictions on high-LVR residential mortgage lending”*.

Given the following:

- Don Brash has called for a 60% reduction in Auckland house prices in order to restore affordability,
- The Government has failed to take any meaningful actions in order to reduce housing demand and/or increase housing supply in the last 20 years, and
- RBNZ has failed to take any meaningful actions in order to improve housing affordability in the last 20 years,

I wish to provide the following responses to questions contained in the consultation. I also provide proposed amendments to the relevant items in the paper.

Q8. Is the proposed speed limit for property investment loans suitable to achieve desired objectives?

Response: No. Suggest replacing the following item 31(a) text:

“Apply a single speed limit for all investor lending in New Zealand, permitting no more than 5 percent of lending at an LVR greater than 60”

with

“Apply a single speed limit for all investor lending in New Zealand, permitting no more than 2 percent of lending at an LVR greater than 30. In addition, lending to non-resident individuals, companies, organisations and trusts shall not be permitted”

Q9. Do you have any comments on the calibration of the owner-occupier speed limits?

Response: Yes. Suggest replacing the following item 31(b) text:

“Apply a single speed limit for all owner-occupier lending, permitting no more than 10 percent of commitments with an LVR of greater than 80”

with

“Apply a single speed limit for all owner-occupier lending, permitting no more than 2 percent of commitments with an LVR of greater than 40. In addition, RBNZ will introduce a house price to household income ratio lending limit of 3 prior to the end of 2016”

Whilst the above amendments would go a long way towards achieving Don Brash’s target house price reductions in the medium to long term, I encourage RBNZ to continue to petition the Government to take effective demand and supply actions.

Kind regards

Justin Coe

20th July 2016