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Sent: Wednesday, 10 August 2016 8:30 a.m.
To: macroprudential
Cc: Brokers
Subject: Attention: Head, Macro Financial Department. Submission on LVR Restrictions

Attention: Head, Macro Financial Department Reserve Bank of New Zealand PO Box 2498 Wellington 6140

Submission on behalf of The Home Loan Shop Ltd

Recommend another exemption on the investor LVR restrictions. This is to allow someone who does not currently own a property to be exempt from the 60% LVR.

Why:

- Since 19 July we have seen conditional Sale & Purchase agreements cancelled for genuine first home buyers where the property being purchased is subject to a fixed term tenancy agreement. The trading banks are ruling it an investment property. These scenarios are taking preventing investor stock being transferred to first home buyers.
- This exemption could increase first time property buyers purchasing a property to rent as opposed to live in. However this is also a good thing and increases house ownership rates.
- With the higher house to income ratio there are more people who can't afford to live in their first home but can afford to rent it out. These are typically younger people, who are more transient in their careers and living arrangements (maybe living with parents or flatting). Once they "settle down" and are in a position to live in their own home they can move into the rental property or sell it to buy a new home. We have helped many clients purchase a rental property for their first house as a stepping stone to owning their own home. As the rules stands this will make it harder for NZers to achieve home ownership.

Regards

Callan Wayne-Bowles *BCA*

Supported by **Stevie Wallace** (*Account Manager*)

The highest compliment my clients can give me is the referral of their family, friends & business associates. Thank you for your support.

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