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Sent: Thursday, 21 July 2016 8:47 a.m.
To: macroprudential
Subject: Submission - RBNZ Restrictions to LVR – July 2016

Attention:
Head, Macro Financial Department
Reserve Bank of New Zealand
PO Box 2498
Wellington 6140
Email: macroprudential@rbnz.govt.nz

Submission:
Aidan Jury
Chief Operating Officer – Jennian Holdings on behalf of Jennian Holdings

Adjustments on Restrictions to LVR – July 2016

Jennian Homes operates a National New Home Builder Franchise operation covering the entire NZ market.

Now in its 34th year of business, Jennian Homes has seen many boom bust, share market shocks and GFC type issues in its time. Irrespective of these issues during this time, the Jennian Group has never failed to complete a client home – where a client has requested, and been able to fund their commitment over the complete 34 year period.

We are very proud of this achievement and have developed a core of compulsory centralised services for all Franchisee's within our group to ensure this remains the case.

Jennian Homes agrees with the RBNZ on its recent revision to Loan Value Restrictions (LVR).

While these changes may challenge investors who wish to stay in their current home and purchase an investment property, there has now never been a better time for an owner occupier to build a new home in NZ.

Jennian and our Finance Partners remain committed to assisting owner occupiers into new homes and increasing the levels of new housing stock in NZ.

It is however critical that additional housing stock be provided in NZ fast.

Current net migration data to the end of May 2016 is now 68,000 per annum which is a growth of at least 10,000 over the past year. This is not slowing.

Currently the level of New Housing being provided into the NZ market saw a little over 28,000 residential consents issued to the end of May 2016.

The now revised LVR conditions will in a small way assist to the correct the ongoing undersupply of housing stock in NZ.

Jennian Holdings however remains concerned that inclusive of these efforts the ongoing under supply will continue to drive the average supply higher and average home DTI ratios greater than 6.5%.

Jennian envision the revision of the Macro prudential tool may be an opportunity to direct the investor market away from the overheated existing house market and drive them to spearheading the new home market.

The RBNZ tools do already provide a clear and positive delineation for investors to build new, but if the 60% restriction is not applied to investor clients that wish to build, there is an opportunity to strongly redirect the investor market in to the new home market, a space not currently adequately engaged by the investor market.

Jennian Holdings would welcome inclusion with the RBNZ strategy team to determine better techniques to encourage investors into new housing stock resulting in the release of additional stock, the slow in the rampant price acceleration and subsequent fall in the current DTI ratios.

Thanks in advance for your consideration of this offer.

Kind regards

AIDAN JURY

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