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Response to RBNZ Consultation Paper: Adjustment to Restrictions on High-LVR Residential Mortgage Lending

The Real Estate Institute of New Zealand (REINZ) welcomes the opportunity to comment on the RBNZ's consultation paper entitled *Adjustments to Restrictions on High-LVR Residential Mortgage Lending*.

The current LVR policy includes a Construction Exemption for mortgage lending to fund the construction of new dwellings (Exemption). The Exemption applies to properties purchased off-the-plan and land acquired for new builds. However, the Exemption does not apply to people who wish to purchase a newly built house if it is in the later stages of construction or has been completed.

Paragraph 51 of the Consultation Paper proposes to retain the Exemption in its current form.

REINZ is of the view that the **Exemption should be extended to include newly built houses**. In support of its view, REINZ refers to the submissions filed by:

1. The Property Council of New Zealand, dated 8 August 2016;
2. Creating Communities, dated 8 August 2016; and
3. Rawa Strategic Property Partners, dated 9 August 2016.

Specifically, REINZ refers to the risk noted in these submissions that a failure to include newly constructed dwellings within the Exemption may further restrict the supply of housing in Auckland.

In light of the Auckland Unitary Plan Independent Hearing Panel's projected housing supply requirements for Auckland, any RBNZ policy that may hamper the development of new housing in that region must be carefully considered.

REINZ welcomes the opportunity to discuss matters further with RBNZ.

Yours sincerely



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