

**Proposals on Mortgage Lending Regressive for Irish Society [A submission to the Central Bank on its LTV Proposals]**

The proposals outlined recently by the Central Bank are, I believe, seriously regressive and socially retardatory.

They would make it very difficult for ordinary couples to aspire to a home – viz. a family base that would eventually come into the ownership of that family.

This is traditionally the only method whereby young people of non-exceptional means can ever aspire to increasing their stake in property/wealth/capital.

It follows that – if such people are debarred through such impositions – then the wealth of the State will be further concentrated in those with current wealth and capital, or those of parentage that can bestow such wealth.

Take a likely enough scenario:-

A couple starting out together and planning a family aspire to buying a modest home valued at €200,000. They would need a deposit of 20%, i.e. €40,000!

Do the people in the Central Bank have any idea whatever just how long a diligent and frugal young couple would be saving to accumulate that deposit...5 years, 8 years, 10 years? It really is probably never going to be relevant, because by the time they have the deposit together, the house-price would have increased and they would be back again saving for a home that is inexorably drifting further from their grasp.

In these straitened times, even a deposit for such a property of 10% would put most people to the pin of their collars. But, taking the view that a deposit is the absolute desiderata for ownership in order to avoid another bubble, then I would suggest nothing more excluding that the following schema:

2015 – min deposit of 10% of property price

2016 - min deposit of 11% of property price

2017 - min deposit of 12% of property price...and successively and annually to

2025 – min deposit of 20%

This should be reviewed every two years, and re-delineated if necessary in response to prevailing market conditions.

If the Central Bank persists with the current scheme, it will be the most regressive piece of social engineering ever undertaken by a government agency.

It will compound the obvious inequalities in our society and will condemn a huge swathe of the next generation of citizens to a life of tenancy and disaffection.

Even Balfour, Asquith and Gladstone saw the folly of that a century and a half ago...but to contemplate doing it to ourselves is utterly socially and morally unconscionable to me.

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