

# Account of Meeting No. 2 of the Macroprudential Measures Committee

## - 12 October 2016

**In attendance:** Governor Philip Lane (Chair); Sharon Donnery (Deputy Governor Central Banking); Cyril Roux (Deputy Governor Financial Regulation); Gabriel Fagan (Chief Economist); Ed Sibley (Director of Credit Institutions Supervision); and Mark Cassidy (Head of Financial Stability Division and Secretary to the Committee).

**Also present:** James Mulcahy (Legal Division – Item 1); Yvonne McCarthy (Financial Stability Division - Items 1-4); Niamh Hallissey (Financial Stability Division – Items 1-4); Paul Lyons (Financial Stability Division – Items 3-4); Jill Forde (Communications Division – Item 4); and Breda Cassidy (Financial Stability Division – Items 1-6).

1. The draft agenda was approved along with the draft account of the previous meeting subject to amalgamation of recommendations vis-à-vis further work into one section.
2. Remaining timelines for the current review of the mortgage market measures were discussed. This included an outline of the decision-making process as well as proposals for forthcoming meetings of the Bank's Financial Stability Committee, Macroprudential Measures Committee (MMC) and Commission. There was general agreement on the remaining timelines subject to clarification regarding the process of consultation with the ECB. The Bank's Legal Division undertook to revert with further information regarding engagement with the ECB. The timing of future annual reviews of the macroprudential mortgage market measures was discussed.
3. Briefing notes on selected parameters of the mortgage market measures were discussed.

Additional analytical work on specific developments in housing and housing related markets was also discussed. This included:

- An assessment on the sustainability of recent house price developments using both statistical and time-series techniques;
- Investigation of developments in the rental market using both national and regional models; and
- Recent trends on lending in the buy-to-let market in Ireland.

Discussion of the level of activity in the market and related demand supply dynamics indicated further work in this area. It was noted that no new analytical work is scheduled to commence at this stage and any further analytical work required for this review should be agreed in advance with the Head of Financial Stability

In respect of the Government's recent budget announcement on the Help to Buy scheme it was noted that this will not affect the application of the Bank's macroprudential mortgage market measures.

4. The timing of analytical outputs planned as part of the evaluation process was discussed. Regarding the format of the report to be published, it was agreed that Chapter 1 will focus on contextual matters. Analytical evidence supporting key messages will be summarised in the report and published in detail in separate research publications. Accessibility and clarity of messaging for the report were emphasised. Also, in an effort to increase the general public understanding of the mortgage rules, it was agreed that the policy objectives will be highlighted in the report. Further work on the structure of the report will be presented to the next meeting of the Committee.
5. The policy discussion focused on select parameters of the mortgage market measures

A further assessment on the volume of housing market transactions will also be prepared by the Financial Stability Division for the next Committee meeting.

6. The meeting concluded with the following recommendations for further work prior to the Committee's next meeting:

- A policy note to be drafted on potential options for selected parameters and to incorporate the views expressed at the meeting;
- Further assessment on the volume of housing market transactions; and
- Further work on the structure of the report.