

A dhuine uaisle,

I write on behalf of Ógra Fianna Fáil, the youth wing of Fianna Fáil, the Republican Party. I have been mandated by the membership to make a submission to the Central Bank on Consultation Paper 87 – Macro-prudential policy for residential mortgage lending.

Ógra recently passed a motion at our National Youth Conference addressing the proposed Loan-to-Value ratio of 80%. Our members affirm that the Central Bank must engage in prudential regulation of the financial system, and we recognise that previous mortgage lending practices were at times reckless. However Ógra is concerned by the deposit that would be required to purchase a primary dwelling house.

Ógra wishes to emphasise that any regulation should not unduly penalise young people and agrees that the Central Bank of Ireland should take precautionary measures to ensure appropriate mortgage lending practices.

Ógra is also conscious that many young people aspire to own their own homes and raise families in them. We understand that rent is increasing and that housing stock is scarce and so the capacity to save for a deposit is decreasing.

Ógra believes that Loan-to-Value ratios are ultimately arbitrary and only one regulatory tool among many. We also believe that a 90% Loan-to-Value ratio is both appropriate as a cap and achievable for young first time buyers.

It is very clear that you have an obligation under Item 24 (a), Schedule 1 of the Central Bank Reform Act 2010 to implement policies that protect the financial system. However “ensuring that the best interests of consumers of financial services are protected” as mentioned in Item 24 (b) should, in our opinion, be taken into account also. Rents are increasing and young people already find it extremely challenging to save for a deposit. It is not in the best interests of young consumers to be forced to remain in a rental market where supply is increasingly scarce. It is equally not in the best interests of young consumers (especially with young families) to be unable to afford to purchase a family home on the basis that they require a 20% deposit.

We would therefore urge you not to set an LTV ratio of 80%, and instead implement an LTV ratio of 90%.

Is mise le meas,

Eoin Neylon

Uachtarán
Ógra Fianna Fáil