

Thursday 26th November, 2020

Press Release

MORTGAGE RULES WORKING AGAINST THOSE ON AVERAGE WAGES - IPAV

Commenting on today's decision by the Central Bank to leave the mortgage rules unchanged, IPAV, the Institute of Professional Auctioneers & Valuers, warned that the severity of the rules are "storing up very deep problems for society that will have terrible consequences into the future."

Pat Davitt, IPAV Chief Executive said: "Outside of the main urban areas and commuter belts properties are still cheap but the Central Bank macroprudential mortgage rules are far too severe on the lower paid.

"In addition Interest rates are low; fixed mortgages, albeit higher than the euro area average, are now available for up to 10 years; rents are higher, much higher in most areas of the country than mortgage repayments, and there is housing stock available," he said.

He pointed to the recent Daft.ie rental report which shows rents in areas like Carlow, Galway county, Roscommon, Donegal and many more areas where rents are almost double the cost of servicing a mortgage for the same properties.

"Even allowing for a 2pc hike in mortgage rates, which is not on the horizon, it is still substantially cheaper to service a mortgage.

"The mortgage rules may be satisfying regulators but they are not working for aspiring home buyers on average wages," he said.

"The loan-to-income threshold for mortgages should be increased to 4.5 times income, at the very least for those on incomes up to €50,000 a year."

He said up to 60pc of purchasers can buy without mortgage finance. "Home ownership is rapidly becoming the preserve of the better off in Irish society. It may not be a problem unique to Ireland but that doesn't mean we're not capable of a policy response that addresses it,"

Mr Davitt said the Housing Commission promised in the Programme for Government needs to bring all elements of housing policy together.

"Isolated interventions that have not been fully thought through have been the bane of the property market in recent years and have brought about severe unintended consequences."

He also said extending the FTBs Help to Buy scheme to second homes would be one small measure that would enable many FTBs realise their aspiration of owning their own homes. It would also have the effect of freeing up some badly needed rental properties for other would-be tenants.

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