

Irreconcilable differences

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Opinion



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Mortgage rules likely to curtail new homes, ESRI warns

Think tank says housing supply will be reduced by 5% over next four years

Finding comes as Central Bank conducts first review of regulations

EOIN BURKE-KENNEDY

The Central Bank's mortgage lending rules are likely to curtail the supply of new homes by up to 5 per cent over the next four years, the Economic and Social Research Institute (ESRI) has warned.

In a research paper published with its latest quarterly report, the institute found the impact of the restrictions had yet to fully play out because of the lag effect in construction, albeit there has been a sizeable dip in new mortgage lending.

However, it said this would change over the next three to four years with house prices likely to be on average 3.5 per cent lower than where they would have been without the rules.

This decline will lead to reduced profitability in construction, which will lower the number of housing units completed in each quarter by about 5 per cent, and reduce the State's overall housing stock by about 0.5 per cent.



Kieran McQuinn of the ESRI measures had contractionary impact

The finding comes as the Central Bank conducts its first review of the rules, which were introduced in February 2015 to prevent the housing market from overheating again.

They require first-time buyers to have a 10 per cent deposit for the first €220,000 of a house price and 20 per cent for the balance while all other buyers must have a 20 per cent deposit in place.

In addition, the Central Bank requires that income limits of 3.5 times are applied by the banks before approving mortgages.

A recent consultation process, which will inform the bank's review, yielded 50 submissions, several of which called for the threshold below

which first-time buyers have to pay only a 10 per cent deposit to be raised from the current level of €220,000.

Kieran McQuinn of the ESRI said the measures had a contractionary impact on the housing market in terms of reducing prices, supply and mortgage lending below levels that would have otherwise pertained.

He said they had made it more difficult for potential buyers to raise downpayments and pushed more people into the rental market. This explained why rents were rising at an even greater rate than property prices.

Boom years

A recent report by property website Daft found that rents were now above what they were during the boom years, with annual inflation in Dublin, where the housing shortage is most acute, running at 11 per cent.

Dr McQuinn said the ESRI fully supported the need for macroprudential measures but the rules needed to incorporate room for a "counter-cyclical dimension" to reflect the current supply shortages.

The institute does not expect housing completions to increase to 25,000, the level needed to meet demand, until after 2018. Property Industry Ireland, the Ibec group that represents the sector, predicts that completions this year will only amount to about 14,000.

In its latest quarterly commentary, the ESRI downgraded its growth forecasts amid concern over global demand linked to weakness in the Chinese economy and because of Brexit-related issues.

It predicted GDP, the standard measure of economic growth, would expand by 4.3 per cent this year and by 3.8 per cent in 2017.

On the 26 per cent GDP growth recorded for last year, the think tank acknowledged nobody could take this rate seriously.

Editorial comment: page 13; budget warning: page 15



Outstanding in their field Ploughing breaks first-day attendance record

Ger McCarthy, Clonakilty, Co Cork, leading the horses, with Gearóid McCarthy and John O'Donovan, in the under-40 horse class at the National Ploughing Championships which enjoyed a record first-day attendance as almost 100,000 descended on Screggan, Co Offaly. Reports: page 2. PHOTOGRAPH: ERIC LUKE

Adams rejects claim he ordered spy murder

AMANDA FERGUSON

Sinn Féin leader Gerry Adams has rejected claims by an alleged former British agent that he directly ordered the killing of IRA informer, Denis Donaldson in 2006, on foot of a demand by leading republican Thomas "Slab" Murphy.

Mr Donaldson, a former Sinn Féin group administrator at the Stormont Assembly, was shot dead in Co Donegal in April 2006 after he confessed to being a British agent, which directly led to the collapse of Stormont's institutions.

His killing, which was claimed three years later by the

splinter Real IRA, has still not resulted in prosecutions. His inquest has been repeatedly postponed on foot of applications by An Garda Síochána.

The man, who infiltrated the IRA for over a decade, was interviewed over months by the BBC's *Spotlight* programme.

He claims to have worked for the RUC special branch from 1997 - one of up to 1,000 informers of different levels of importance who were allegedly passing on information about the IRA's activities.

In a series of meetings, the agent, known only as "Martin", claims Mr Donaldson's killing was sanctioned by Mr Adams.

"I know from my experience in the IRA that murders have to be approved by the leadership," Martin said. Specifically asked to identify who ordered the killing, he went on: "Gerry Adams, he gives the final say."

Discipline

Mr Adams's solicitor strongly rejected the allegations, saying that his client had no knowledge and no involvement. He categorically denied that he was consulted about it. Mr Adams has repeatedly denied IRA membership.

Mr Donaldson moved to Donegal after he publicly admitted being a spy. The IRA denied in-

volvement when he was shot dead. The Real IRA's claim of responsibility in 2009 was untrue, the alleged agent claimed, and had been an attempt to bolster its reputation with supporters.

Spotlight said "Slab" Murphy, now serving a sentence for tax evasion in the Republic, had insisted on Mr Donaldson's killing in order to maintain IRA discipline. *Spotlight* said it tried to contact Murphy but had received no reply.

Questioned about the extent to which the IRA had been infiltrated, Denis Bradley, who played a leading role during the peace process, said he inspected records held in London six years ago that illustrated its scale.

"At any one time, the security services were running about 800 informers throughout the Troubles.

"Now that's a lot of people within a small community of people," he said.



Navan Town Centre on market

Developer wants €62m for stake

Commercial Property



To have another shot is like getting a pardon from the prison warden
Darragh Ó Sé
Sport, page 19



If a passing gunman was dreaming of pheasants he might have shot her head off
Michael Harding
Life, page 11

Gaeltacht GAA club says referee told them to stop speaking 'as Gaelige'

EAMON DONOGHUE

A Gaeltacht-based GAA club in Galway has lodged a complaint with the county board after they claimed they were told to stop speaking Irish by a referee during a match at the weekend.

Na Píarsaigh, based in Rosmuc in Connemara, said the incident happened during the junior A football championship west match against Salthill Knocknacarra in Ros an Mhíl last Saturday.

The Galway County Board confirmed to RTE Raidió na Gaeltachta news yesterday that they had received an official complaint from Na Píarsaigh/Rosmuc GAA club in relation to comments allegedly made by a referee during a match at the weekend.

It is believed the referee was unhappy with both players on the field, and officials coaching from the sideline, speaking in Irish.

Some of these officials had volunteered to assist him after he arrived to officiate alone, acting as linesmen for the game.

Official aims
County board secretary John Hynes confirmed that a complaint had been made by the club itself, and by one of the Na Píarsaigh officials, alleging that the referee told them not to speak Irish to the team.

He added that the complaints would be dealt with through the official system and the matter would be resolved within the next fortnight.

Na Píarsaigh lost the match by 1-13 to 1-8.

Club teams in west Galway are synonymous with use of the Irish language during games. One of the official aims of the GAA is to "actively support the Irish language and Irish culture".

The latest incident comes after a member of staff was reportedly told not to speak Irish while working at the Flying Enterprise pub in Cork.

Cormac Ó Bruic (23), from Corca Dhuibhne in Co Kerry, said earlier this month he had left his job after he was told he could not speak Irish in the bar. Owner Finbarr O'Shea allegedly told Mr Ó Bruic he had received complaints from customers.

It led to protests from Irish language activists.

Weather

Widespread rain will give way to brighter weather. Highs of 14-17 Celsius

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Sports Wednesday

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