

Jocelyn Davies AC/AM
Y Dirprwy Weinidog dros Dai
Deputy Minister for Housing



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Ein cyf/Our ref: MB/JAD/315/08

Angela Burns AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

20th October 2008

Dear Angela,

At the Finance Committee meeting on 9 October, I understand that you requested information about the Mortgage Rescue scheme and raised some queries about the scheme for first time buyers. As these issues fall within my portfolio, the Minister for Finance and Public Services has asked me to reply. Apologies for the delay in responding.

Mortgage Rescue Scheme

On 9 June, I announced an expansion to the existing Mortgage Rescue scheme funded via the Social Housing Grant (SHG) programme. Up to £5 million in SHG will be ring-fenced in 2008-2009 to enable housing associations to purchase properties from homeowners who are facing repossession due to mortgage arrears. It is difficult to predict how many households this will assist due variations in property prices and the amount of grant that will be required in each case. I have made a commitment to increase the funding further should this be necessary.

The SHG can be claimed by a Housing Association to provide either a Homebuy equity loan to enable the outgoings of the householder to be reduced to a manageable level, or, where home ownership is not sustainable, the property can be purchased outright and the owner can offered an assured tenancy to allow the household to remain in the home.

The scheme is not intended to assist all homeowners who are in financial difficulties. The SHG is available to assist in the most urgent cases where repossession and consequent homelessness will lead to additional pressures on social housing waiting lists. As the strategic body responsible for meeting housing needs, eligibility for assistance through the Mortgage Rescue scheme will be endorsed by the local authority.

Following consultation, guidance on the operation of the scheme was issued to local authorities, housing associations and other interested parties on 22 August 2008. The operation of the scheme is being monitored to ensure that it is working effectively.

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First Time Buyers Scheme

You asked for details on this scheme, in particular the locations of the pilot schemes and why South East Wales was not selected for a pilot scheme.

In response, the first time buyer pilot schemes were not selected on a regional basis but are located in Renewal Areas in local authorities where the income to house price ratio is above the national average for Wales. Using this measure will help target assistance to those who have most difficulty buying. As a result the pilot schemes are in rural and urban areas in North, Mid, West and South East Wales.

The qualifying local authorities are Cardiff, Ceredigion, Conwy, Denbighshire, Gwynedd, Pembrokeshire, Powys, Vale of Glamorgan and Wrexham.

All 9 qualifying authorities successfully bid for resources and have been allocated a share of the £500,000 the Assembly Government has made available to support the pilot scheme.

Yours sincerely,

A handwritten signature in cursive script that reads "Jocelyn Davies".

Jocelyn Davies AM