

Carl Sargeant AC / AM
Y Gweinidog Tai ac Adfywio
Minister for Housing and Regeneration



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref P-04-487
Ein cyf/Our ref CS/00522/14

William Powell AM
Chair Petitions committee

committeebusiness@Wales.gsi.gov.uk

24 April 2014

Dear William

Thank you for your letter of March regarding A Welsh Government deposit loan scheme for first time Welsh home buyers.

I passed your petitioner's policy suggestion to my officials to look at in more detail, and they have raised a couple of issues that could make the initiative difficult to implement.

Under your petitioner's proposal the Welsh Government would be providing loans to households to replace traditional deposits. The risk is that buyers under the scheme would not have any of their own monies invested in the property and, therefore, be at far greater risk of default and repossession with the Welsh Government being exposed to any losses.

In addition, the scheme requires lender participation. This would likely prove difficult to achieve as lenders would also be exposed to the increased default and repossession risk mentioned above. This was one of the factors we encountered when designing the Help to Buy – Wales scheme, and why we elected to have a 5% deposit stipulation.

As such, in its current format, I think this proposal would be difficult to pursue. However, if your petitioner has further suggestions on how to mitigate for these risks I'd be happy to consider them.

Carl Sargeant AC / AM
Y Gweinidog Tai ac Adfywio
Minister for Housing and Regeneration

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

English Enquiry Line 0845 010 3300
Llinell Ymholiadau Cymraeg 0845 010 4400
Correspondence: Carl.Sargeant@wales.gsi.gov.uk
Printed on 100% recycled paper