

P-04-487 A Welsh Government deposit loan scheme for first time Welsh home buyers – Correspondence from the petitioner to the clerking team, 02.12.2013

Please accept these as my responses to Carl Sargeants letter on November the 12th (2013)

I'm sure that Mr Sargeant is aware that the Bank of England's Governor Mark Carney recently stated that the Funding for Lending scheme (FLS) stimulus was no longer needed amid rising house prices, and it would instead be further focused on helping small business borrowing

<http://money.uk.msn.com/news/bank-touches-property-market-brake-2>

It's not only British bankers opposing it. Ben Dyson, a founder member of the highly regarded Positive Money group (who spoke on this and other issues at the Welsh Assembly Cross Party Group on Monetary Reform at Ty Hywel on November 26th of this year) has also made it clear that the Help to Buy scheme could be another disastrous step towards bubble and bust in Britain and clearly stated that he did not support it in any way.

Regarding the shared equity aspect - in view of all the restrictive measures that are put in place for this scheme, and with the danger that homes will be worth less in the future if there is another bursting of the housing bubble where participants could be left worse off, may I suggest that this proposed deposit scheme for Welsh first time home buyers earning below a certain wage (or earning an average local wage ratio) could be a safer and more sensible bet for the Welsh Government.

A deposit scheme could also work in conjunction with a priority housing act for Wales mentioned in another petition. If an annual capped and deferred deposit 5% loan fund was offered to buyers wishing to put a deposit on a home, and with mortgage lenders agreeing to take part, then this scheme would surely be a far less costly and less bureaucratic system for Wales. With the majority of new homes built by local authorities sold at average local wage ratios, this would make it an even more attractive plan. An effective deposit scheme would give new home buyers far more freedom to do as they wished with their new homes as long as they eventually paid off the Welsh Government deposit loan. A Welsh public bank could also play its part in this deposit lending scheme which would also boost the

productive economy of new house building if properly implemented.