

CABINET STATEMENT

TITLE: SUPPORT FOR FIRST TIME BUYERS

DATE: 23rd November 2011

**BY: Councillor Clayton Willis, Cabinet Member for Performance,
Human Resources and Housing**

I would like to take the opportunity to inform Council that the Cabinet has instructed Officers to look at a scheme to support First Time Buyers to secure mortgages, which will in turn it is hoped also boost the local economy, housing market and building industry.

The stagnation in the economy, with no sign of any efforts to stimulate growth from the UK government, means that the housing market locally is likely to stagnate into the foreseeable future.

We have therefore asked Officers of the Council to draw together a proposal to assist first time buyers in obtaining mortgages.

These difficult financial times have had a particular impact on first time buyers because of the general reduction in loan to value mortgages from 95% to 75%, necessitating a deposit of some 25% of the house value. This is an impossible ask for many first time buyers in Rhondda Cynon Taf.

Such a scheme would be based on the difference between the amount the lender would be prepared to lend under its usual lending criteria and the amount which the potential buyer would need to borrow to purchase a particular property. In effect it would see the Council act as a guarantor to the lender.

The lack of first-time buyers continues to depress the local housing market and in turn our local building and housing industry.

We cannot influence or change the economic policies of the UK government, which are impacting heavily on growth and job creation across the UK, but we can look at every means possible at our disposal to help mitigate and assist our local economy. It is hoped such a scheme will help stimulate the wider economy and in doing so, supporting jobs and growth.

We have initiated a scoping exercise on this initiative, with a detailed set of recommendations on such a potential policy to be presented to Cabinet early in the New Year.