# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Help to Stay Wales** |
| **DATE**  | **7th November 2023** |
| **BY** | **Julie James MS, Minister for Climate Change** |

The current economic background presents many challenges. The cumulative impact of the significant rise in fuel cost, high inflation, escalating rent and house prices, with incomes often not keeping pace is not underestimated.

During 2022-23 and 2023-24, the Welsh Government provided more than £3.3billion of support to help people struggling with the cost of living through targeted programmes which put money back into people’s pockets.

As part of the budget agreement with Plaid Cymru for 2023-24, £40m repayable capital funding has been made available over the next two years to bring forward schemes to provide flexible financial support and today I am pleased to announce the launch of the Help to Stay Wales mortgage support scheme and provide information to homeowners, including eligibility criteria.

The Help to Stay Wales scheme will provide an option for homeowners who are struggling to afford their mortgage payments and are at serious risk losing their home by offering a partial repayment of an existing mortgage balance via a low-cost equity loan, secured by a second charge (behind first charge lender), reducing revised mortgage repayments to a level the applicant can afford.

Most current schemes require people to already be in possession proceedings to qualify. Help to Stay will extend this to include those facing possession proceedings and/or financial hardship.

Detailed discussions about the mortgage market as part of the Cooperation Agreement commitment to explore local mortgage support have contributed to our understanding of the gaps in the market and where we can target support. Now we have an opportunity to help more people by widening our current mortgage rescue offering to support those at an earlier stage, not just those that are threatened with repossession. This includes providing support to those who are trapped on a standard variable product and unable to arrange an affordable new mortgage.

According to the figures from UK Finance, about 800,000 fixed mortgages will expire before the end of this year, with a further 1.6m coming to an end in 2024. The figures do not include variable rate and tracker mortgages, which will already have risen sharply leading to higher payments.

The [Resolution Foundation](https://www.resolutionfoundation.org/publications/the-mortgage-crunch/) says annual mortgage repayments are set to be £15.8bn a year higher by 2026 compared to December 2021, when the Bank started raising interest rates. Annual repayments for people re-mortgaging next year are set to rise by £2,900 on average.

Mortgage and landlord possession statistics up to April to June 2023 show that, compared to the same quarter in 2022, mortgage possession claims increased 15%.

By acting now with increased investment, we can prevent many individuals and families from entering possession proceedings and becoming homeless adding to the already stressed waiting lists and high temporary accommodation costs for Local Authorities.

# The scheme is available to eligible households who have explored all other measures offered by the mortgage provider through the UK Mortgage Charter and sought help through debt advice services.

Homeowners who are eligible will receive free mortgage advice from specialist debt advisors, with the costs fully covered by the Welsh Government. This will ensure the Applicant has received independent advice as to the options available, confirm that all other avenues had been exhausted and verify the levels of debt service the Applicant could reasonably afford based on a review of their current circumstances.

Full guidance on the scheme, including the eligibility criteria will be available on the Welsh Government website from the 7th November.

The support and hard work of external partners and sector experts has been critical to establishing the right qualifying criteria and support processes.

We will continue to do all we can with the powers we have to help protect vulnerable households through this cost-of-living crisis.

The new Help to Stay Wales scheme adds to this support and will help to provide the necessary help for homeowners under financial stress to stay in their homes.