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## General information on the Tenancy Saver Loan scheme

### 1. What is the Tenancy Saver Loan scheme?

The Tenancy Saver Loan scheme is for private rented sector (PRS) tenants in rent arrears or those who are in rent arrears and will also struggle to pay their future rent as a result of Covid-19. It will provide access to a 1% APR interest, affordable loan to be repaid over a period of up to 5 years from the loan approval/start date.

The loan payment will be paid directly to the landlord, or their agent, upon successful application and processing of a loan to the loan applicant.

### 2. Why is the Welsh Government introducing the scheme?

We are introducing the scheme to help support tenants who are struggling with their rent due to Covid-19. Some tenants will be in rent arrears and facing eviction on these grounds. The Tenancy Saver Loan scheme should help tenants to stay in their homes, whilst ensuring that landlords receive rent that is owed to them.

### 3. Why is this not a loan for landlords/agents?

With the Tenancy Saver Loan, the loan payment will be paid directly to the landlord or agent for the rent arrears incurred. This will mean that the landlord or agent will receive the funds directly, removing any threat of eviction to the tenant on serious rent arrears grounds. A loan to a landlord or agent, although helpful in the short term in some cases, would not address the tenant's rent arrears directly, and does not guarantee that the landlord will receive the rent that is owed to them.

The loan payment will cover rent arrears or rent for future months which the tenant may struggle to pay - it cannot be linked to suitability to rent and/or improvements to the property.

### 4. When will the scheme begin?

The scheme will launch on 7<sup>th</sup> October 2020. Applications will be accepted until March 31<sup>st</sup> 2021.

### 5. Who will deliver the scheme?

Wales Council for Voluntary Action will be managing the scheme, whilst participating Credit Unions across Wales will be the loan providers and support the loan applicant throughout the term of the scheme.

Credit unions are an alternative to pay-day loans and other high interest lenders. They are protected by the Financial Services Compensation Scheme.

For further information about which Credit Unions are providing loans click here : <https://creditunionsofwales.co.uk/tsl>

## Information about the Tenancy Saver Loan

### 6. Who is eligible to apply for a loan?

There is eligibility attached to accessing a loan through the Tenancy Saver Loan scheme, including:

- That the loan applicant holds a tenancy for a home located in Wales
- That the loan applicant is a private sector tenant
- That the loan applicant was **not** in significant rent arrears e.g. at least 8 weeks of rent arrears prior to 1 March 2020
- That the loan applicant is in rent arrears from 1 March 2020 or that the loan applicant is in rent arrears from 1 March 2020 and at point of application, will struggle to pay future rent (up to 3 months in advance) as a result of COVID-19
- That the loan applicant is **not** in receipt of either housing benefit or housing cost payments through Universal Credit
- That the loan applicant's landlord and/or agent is registered and/or licensed with Rent Smart Wales
- That based on the loan applicant's income, and affordability assessment, the loan applicant can afford to repay the loan
- That the loan applicant had not applied **and** received a Tenancy Saver Loan through another loan provider for the rental period in question

A tenancy is an agreement between the tenant and a landlord, or their agent. A tenancy agreement is the contract between the tenant and a landlord/agent.

A tenancy and tenancy agreement lets a tenant live in a property provided they pay rent and follow the rules. The tenancy agreement sets out the legal terms and conditions of the tenancy. The agreement can be written or oral (a spoken agreement).

A tenancy can either be:

- A fixed-term (running for a set period of time)
- Periodic (running on a week-by-week or month-by-month basis)

### 7. How much can a tenant borrow?

The loan is based on the tenant's ability to repay over a period of up to 5 years. They will be able to borrow up to the maximum amount of rent arrears owed, or for future rental periods, provided it remains affordable to them.

### 8. Can a tenant apply for more than one loan?

This is not expected, but will be considered on a case by case basis and will be based on an assessment of affordability.

## 9. What rent arrears are covered by the scheme?

The tenant must not have been in 8 weeks or more of rent arrears prior to March 1 2020.

The loan is for tenants who have built up rent arrears from March 1 2020, and have been struggling to repay their rent arrears, or who may struggle to pay future rent due to Covid-19. This could be due to a change of employment circumstances because of the pandemic, such as those who are coming off furlough, those working zero hours contracts, those who have been shielding or those who have had to self-isolate.

## 10. Who is the loan money paid to?

The loan amount will be transferred to the landlord or agent on behalf of the tenant. The loan applicant will provide the landlord or agent's name and contact details, and the Credit Union will contact the landlord or agent to ask for bank details to enable the loan payment to be transferred directly.

## 11. How can tenants apply for the scheme?

Through a range of routes;

- They can contact Credit Unions directly, a list of contact numbers can be found here: <https://creditunionsofwales.co.uk/tsl/>
- They could enquire about a loan by completing an online enquiry form which can be found here: <https://creditunionsofwales.co.uk/tsl/>
- They could be referred through our Early Alert scheme for rent arrears and other debt in the private rented sector which is being delivered by Citizens Advice Cymru.
- They could also be signposted to the scheme by their landlord, agent, friend, family member or local authority.
- Downloadable and printable flyers can be found on participating Credit Union websites. You can access this information here: <https://creditunionsofwales.co.uk/tsl/>

## Further information for private sector tenants

### 12. I'm in rent arrears, what should I do?

You should speak to your landlord or agent to discuss with them the possibility of agreeing a repayment plan directly.

You could also contact the Citizen's Advice Cymru Private Rented Sector helpline on 0300 330 2177. Friendly advisers provide a free, confidential, independent service for

tenants on ways in which they can maximise their income and manage debt – with a view to helping them pay their rent so they can remain in their homes.

The Tenancy Saver Loan incurs interest, therefore you should consider carefully whether this option is right for you before applying.

### **13. If I had significant rent arrears (at least 8 weeks) prior to 1 March 2020 and I am not eligible for a Tenancy Saver loan what can I do?**

You could contact your nearest Credit Union who may be able to help you. You can find contact details here: <https://creditunionsofwales.co.uk/find-my-nearest-credit-union/>

You can also contact the Citizens Advice Cymru Private Rented Sector helpline on 0300 330 2177 where friendly advisers provide a free, confidential, independent service to advise tenants on ways in which they can maximise their income and manage debt – with a view to helping them pay their rent so they can remain in their homes.

You can also make contact with Citizens Advice Cymru in other ways, online here:

<https://www.citizensadvice.org.uk/wales/about-us/contact-us/contact-us/contact-us/>

or contact a **Citizen's Advice** debt adviser online here:

<https://www.citizensadvice.org.uk/wales/about-us/contact-us/contact-us/chat-service-money-and-debt/>

Additionally, the general advice line is available on the following number:

Advicelink Cymru: 03444 772 020

(phone lines operate between 9am-5pm Monday to Friday and it is usually busiest at the beginning and the end of the day. They are not open on public holidays)

or Text relay: 03444 111 445

### **14. I've decided that applying for a Tenancy Saver Loan is right for me, what should I do?**

You should speak to your landlord or agent to let them know that you're taking steps to address your rent arrears because Credit Unions will require information from them

in order to process the loan. This will also give them advance warning, as they will be asked to verify some information, which will accompany your loan application.

### 15. Should I let my landlord/agent know that I've applied for a loan?

If you haven't already, let your landlord or agent know that you have applied for a Tenancy Saver Loan and to give them advance warning that a Credit Union will be in touch with them to verify some information, which will accompany your loan application.

### 16. I've already borrowed money, can I still apply for a Tenancy Saver Loan?

When you apply for a Tenancy Saver Loan the Credit Union advisor will go through the affordability of the loan with you, so any money you have previously borrowed will also be taken into account when determining the affordability of a Tenancy Saver Loan too.

## Further information for private sector landlords and agents

### 17. Can I force my tenant to access the Tenancy Saver Loan scheme?

No. The Tenancy Saver Loan scheme is voluntary and will involve the tenant opting to apply for a loan.

If your tenant does not want to, or cannot afford to take out a loan through the scheme, we would suggest referring them to the Citizens Advice Cymru Private Rented Sector helpline on 0300 330 2177, where friendly advisers provide a free, confidential, independent service to advise tenants on ways in which they can maximise their income and manage debt – with a view to helping them pay their rent so they can remain in their homes.

The tenant could also make contact with Citizens Advice Cymru in other ways, online here:

<https://www.citizensadvice.org.uk/wales/about-us/contact-us/contact-us/contact-us/>

or contact a **Citizen's Advice** debt adviser online here:

<https://www.citizensadvice.org.uk/wales/about-us/contact-us/contact-us/chat-service-money-and-debt/>

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or Text relay: 03444 111 445

## **18. What happens if a tenant can't repay the loan?**

We would expect the Credit Union to be sympathetic to the situation that a tenant may be in, and to only apply formal recovery of the outstanding loan once all other options and offers of support have been exhausted. The landlord will not be affected by any debt the tenant may owe to the Credit Union.

## **19. I've already served an eviction notice on my tenant, who hasn't paid rent. Can they still access the Tenancy Saver Loan scheme?**

There is nothing to stop a tenant applying for a loan if you have already served an eviction notice, but you should consider removing the notice if the loan means that rent arrears are cleared. If the notice was served on Ground 8 (serious rent arrears), then it is likely that the notice will no longer be valid as the arrears may no longer exist after the funds from the loan have been paid to the landlord/agent.

## **20. How can I find the latest information about Covid 19 and Housing?**

This can be found here: <https://gov.wales/coronavirus-housing-advice>

Details about the Tenancy Saver Loan scheme are also available on the Covid-19 information page on the Rent Smart Wales website here: <https://www.rentsmart.gov.wales/en/covid19info/>

