

DMG Memo Vol 4/79, 8/4 & 13/35 (Revised)

INCOME SUPPORT, JOBSEEKER'S ALLOWANCE, EMPLOYMENT AND SUPPORT ALLOWANCE AND STATE PENSION CREDIT - HOUSING COSTS SPECIAL ARRANGEMENTS

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INTRODUCTION

- 1 This memo gives guidance on changes introduced by the Social Security (Housing Costs Special Arrangements) (Amendment and Modification) Regulations (Northern Ireland) 2008 (S.R 2008 No. 503). The changes first take effect on 5.1.09, as explained below.

BACKGROUND

2. Under current rules eligible housing costs for Income Support, Jobseeker's Allowance and Employment and Support Allowance usually have a qualifying period, the length of the qualifying period before a claimant is eligible for full housing costs being either 26 or 39 weeks. The maximum allowable mortgage capital limit that housing costs can be calculated on is £100,000 and a claimant can retain help towards their eligible housing costs throughout their entitlement to an income related benefit¹.

1 JSA Regs (NI), Sch 2; IS (Gen) Regs (NI), Sch 3; ESA Regs (NI), Sch 6

3. On 2 September 2008 the Government announced a package of measures to support home owners and the housing industry. As part of this package the following changes are to be introduced.
 1. a shorter waiting period before full housing costs can be met in Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance
 2. increasing the maximum capital limit for qualifying loans
 3. a two year time limit on Support for Mortgage Interest for certain income-based Jobseeker's Allowance claimants.
4. The Government also announced that
 1. the standard interest rate would be set at a prescribed level for an initial period of up to 6 months
 2. the measures of support for home owners would be reviewed once housing market conditions improve.

STANDARD INTEREST RATE – INCOME SUPPORT, INCOME-BASED JOBSEEKER'S ALLOWANCE, INCOME-RELATED EMPLOYMENT AND SUPPORT ALLOWANCE AND STATE PENSION CREDIT

5. The calculation of the standard rate of interest applied to loans which qualify for housing costs will no longer be linked to the Bank of England base rate.

On and after 5.1.09 the standard rate of interest¹ to be used in the calculation is fixed at 6.08%.

1 JSA Regs (NI), Sch 2 para 11; IS (Gen) Regs (NI), Sch 3 para 12; ESA Regs (NI), Sch 6 para 13; SPC Regs (NI), Sch 2, para 9

DEFINITION OF RELEVANT BENEFIT

6. For the purposes of these regulations¹

A relevant benefit² means

1. Income Support
2. Jobseeker's Allowance (contribution-based or income-based)
3. Employment and Support Allowance (contribution-based or income-related)

1 (The SS (Housing Costs Special Arrangements) (Amendment and Modification) Regulations (NI) 2008 (S.R. 2008 No. 503); 2 reg 1(4)

MODIFICATIONS FOR EXISTING INCOME SUPPORT, JOBSEEKER'S ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE CLAIMANTS

7. The package of measures to support home owners including the 13 week qualifying period and £200,000 maximum capital limit for loans is to be made available to certain existing claimants.

8. Where the claimant is entitled to a relevant benefit on 4.1.09 **and**

1. the housing costs to be met in the benefit week that includes 4.1.09 would otherwise be nil because the claimant had not yet completed the qualifying period¹ **or**
2. the claimant qualifies for housing costs at 50% because the person had been entitled to or was treated as entitled to Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance for at least 8 but less than 26 weeks²

then, from the first day of the first benefit week on or after 5.1.09, the amount of the housing cost award is

3. nil³ where the claimant has

- 3.1 existing housing costs (DMG 23651, 23657, 44472, 44476) and has been continuously entitled to or was treated as entitled to Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance for less than 8 weeks **or**
- 3.2 new housing costs (DMG 23653, 44474) and has not been continuously entitled to or was treated as entitled to Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance for 13 weeks
- 4. 50% of the amount calculated by applying the standard interest rate to the eligible capital currently owed on eligible loans where the claimant
 - 4.1 has existing housing costs (DMG 23651, 23657, 44472, 44476) **and**
 - 4.2 has been entitled to or was treated as entitled to Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance for a continuous period of 8 weeks but less than 13 weeks
- 5. for claimants who have been entitled to or were treated as entitled to Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance for a continuous period of 13 weeks or more
 - 5.1 100% of the amount calculated by applying the standard interest rate to the eligible capital currently owed on eligible loans **and**
 - 5.2 the amount of any
 - 5.2.a ground rent **and**
 - 5.2.b service charges **and**
 - 5.2.c payments by way of rentcharge⁴.

¹ JSA Regs (NI), Sch 2 para 6(1)(a) & 7(1)(a); IS (Gen) Regs (NI), Sch 3 para 6(1)(a) & 8(1)(a); ESA Regs (NI), Sch 6 para 8(1)(a) & 9(1)(a);

² JSA Regs (NI), Sch 2 para 6(1)(b); IS (Gen) Regs (NI), Sch 3 para 6(1)(b); ESA Regs (NI), Sch 6 para 8(1)(b);

³ JSA Regs (NI), Sch 2 para 6(1)(c); IS (Gen) Regs (NI), Sch 3 para 6(1)(c); ESA Regs (NI), Sch 6 para 8(1)(c);

⁴ JSA Regs (NI), Sch 2 para 7(1)(a)(ii); IS (Gen) Regs (NI), Sch 3 para 8(1)(a)(ii); ESA Regs (NI), Sch 6 para 9(1)(a)(ii)

9. For the calculation at **8.4** the maximum limit of eligible capital for loans is £100,000¹ and for the calculation at **8.5** the maximum limit of eligible capital for loans is £200,000².

1 The SS (Housing Costs Special Arrangements) (Amendment and Modification) Regulations (NI) 2008 (S.R. 2008 No. 503) reg 7(b);

2 JSA Regs (NI), Sch 2 para 10(4); IS (Gen) Regs (NI), Sch 3 para 11(5); ESA Regs (NI), Sch 6 para 12(4)

10. Claimants who are in a qualifying period but not actually entitled to a relevant benefit on 4.1.09 will not qualify for the new 13 week qualifying period or higher capital loan limit.

Example 1

Arthur has been in receipt of income-based Jobseeker's Allowance since 24.11.08, he has a £70,000 mortgage taken out in 1994. On 4.1.09 his applicable amount does not yet include any housing costs. The decision maker decides Arthur is entitled to a relevant benefit and that he has not yet satisfied the qualifying period to receive housing costs. Therefore the new rules apply and Arthur can benefit from the shorter qualifying period and higher loan limit. He is entitled to 50% of his housing costs from 19.1.09 and 100% from 23.2.09.

Example 2

Beryl has been in receipt of income-based Jobseeker's Allowance since 3.11.08, she has a £110,000 mortgage taken out in 1994. On 4.1.09 her applicable amount includes 50% housing costs. On 5.1.09 the decision maker decides Beryl has been in receipt of a relevant benefit for at least eight weeks and as such she satisfies the criteria for the new provisions to apply. From 2.2.09 (after 13 week qualifying period) Beryl is awarded full housing costs (100% based on £110,000).

Example 3

Carol has been in receipt of the income-related Employment and Support Allowance since 27.10.08; she has a £110,000 mortgage taken out in 2004. On 4.1.09 her applicable amount does not yet include any housing costs. The decision maker decides the new rules apply and Carol should benefit from the shorter qualifying period and higher loan limit. She will be entitled to full housing costs from 26.1.09 (calculated on £110,000).

Example 4

Doug has been in receipt of Incapacity Benefit since 20.10.08, he has a £110,000 mortgage taken out in 2004. Until Doug qualifies for housing

costs his Incapacity Benefit exceeds his Income Support requirements. Although on 4.1.09 Doug is not in receipt of housing costs because he had not yet completed the qualifying period his Incapacity Benefit is not a relevant benefit. The decision maker decides that the new rules do not apply and Doug will have to reclaim Income Support in July 2009 when he satisfies the 39 week qualifying period.

Example 5

Paul was in receipt of contribution-based Jobseeker's Allowance from 2.12.08. He had also claimed income-based Jobseeker's Allowance as he has a £110,000 mortgage which was taken out in 1994. However, he was awarded the contribution-based element of Jobseeker's Allowance only due to excess income over requirements. He is treated as entitled to income-based Jobseeker's Allowance for the period for which he received contribution-based Jobseeker's Allowance and this period counts towards the qualifying period for housing costs. On 4.01.09 Paul is in receipt of a relevant benefit and will benefit from the new housing cost rules and will have to serve a shorter qualifying period. He will be entitled to 50% housing costs from 27.01.09 (Week 8) and 100% from 3.03.09(Week 13).

MODIFICATIONS FOR NEW INCOME SUPPORT, JOBSEEKER'S ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE CLAIMS

11. The package of measures to support home owners, the 13 week qualifying period and £200,000 maximum capital limit for loans, is also to be made available to some new claims made on or after 5.1.09.
12. Where a claim to a relevant benefit is made on or after 5.1.09 **and**
 1. the claimant has had a previous entitlement¹ determined under the new rules (para 8) **or**
 2. entitlement to a relevant benefit starts or started on or after 5.1.09 and that entitlement is or was not immediately preceded by a linked period² **or**
 3. the claimant or his partner or, if the claimant is a member of a joint-claim couple, the other member of the couple, was in receipt of State Pension Credit³ **and**
 - 3.1 entitlement to a relevant benefit starts or started on or after 5.1.09 **and**
 - 3.2 the entitlement in 3.1 did not begin within⁴

3.2.a 12 weeks of State Pension Credit ending (DMG 23708, 44533) **or**

3.2.b 26 weeks of State Pension Credit ending because of

3.2.b.i a lower child support maintenance assessment (DMG 23710, 44535)

3.2.b.ii payments from insurance policies against the loss of employment (DMG 23711, 44536);

then, see paragraph 13 below.

*1 The SS (Housing Costs Special Arrangements) (Amendment and Modification) Regulations (NI) 2008 (S.R 2008 No. 503), reg 8(2);
2 reg 8(3); 3 reg 8(4)(a); 4 reg 8(4)(b)*

13. From 5.1.09, in the circumstances described above and where a claim has been made in respect of Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance, the amount of the award of housing costs is

1. nil where the claimant has not been continuously entitled or treated as entitled to Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance for 13 weeks,

2. for claimants who have been entitled to or treated as entitled to Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance for a continuous period of 13 weeks or more

2.1 100% of the amount calculated by applying the standard interest rate to the eligible capital currently owed on eligible loans **and**

2.2 the amount of any

2.2.a ground rent **and**

2.2.b service charges **and**

2.2.c payments by way of rentcharge.

1 JSA Regs (NI), Sch 2, para 13, ESA Regs (NI), Sch 6, para 12

14. For the calculation at **13.2.1** the maximum limit of eligible capital currently owed is £200,000¹.

1 JSA Regs (NI), Sch 2 para 10(4); IS (Gen) Regs (NI), Sch 3 para 11(5); ESA Regs (NI), Sch 6 para 12(4)

15. A linked period is any period of time, up to 104 weeks, where a claimant can be treated as entitled to income-based Jobseeker's Allowance, Income Support or income-related Employment and Support Allowance under special rules. Guidance on the special rules for linking periods of
1. 12 weeks or less is at DMG 23708 and 44533
 2. 26 weeks or less is at DMG 23709 and 44534
 3. more than 26 weeks is at DMG 23712 and 44537
 4. 52 weeks or less is at DMG 23715 and 44546
 5. 104 weeks or less is at DMG 23715 and 44546

Example 1

Elaine is a lone parent receiving Income Support which includes an amount of housing costs towards her £130,000 mortgage (restricted to £100,000). On 7.4.09 she is no longer entitled to Income Support as a lone parent and is required to claim Jobseeker's Allowance, Elaine claims Jobseeker's Allowance immediately. The decision maker decides that Elaine has entitlement to a relevant benefit and that entitlement was not immediately preceded by a linked period (no gap between Income Support ending and the start of Jobseeker's Allowance). She can therefore benefit from the shorter qualifying period under the new rules and the higher loan limit (although having already served a qualifying period within Income Support she will get housing costs from the outset of her Jobseeker's Allowance claim).

Example 2

Beryl was in receipt of income-based Jobseeker's Allowance from 3.11.08, she had a £110,000 mortgage taken out in 1994. On 4.1.09 her applicable amount included 50% housing costs. Previously the decision maker decided Beryl was in receipt of a relevant benefit and had been in receipt of that relevant benefit for between 8 and 26 weeks therefore she was able to benefit from the new rules. On 2.2.09 Beryl goes for a 2 week holiday to America and makes a further claim to income-based Jobseeker's Allowance on 16.2.09. The decision maker examines the new claim to see if Beryl can still benefit from the new housing cost rules. The decision maker decides

that a claim to a relevant benefit has been made on or after 5.1.09 and that Beryl had had a previous entitlement that included housing costs under the new rules. Beryl can still benefit from the shorter qualifying period and is entitled to full housing costs immediately (having completed a total of 13 (11 + 2) weeks entitlement/treated as entitled to Jobseeker's Allowance).

Example 3

Fiona has been in receipt of Incapacity Benefit since 20.10.08, she has a £110,000 mortgage taken out in 2004. Without the inclusion of housing costs Fiona's Incapacity Benefit exceeded her Income Support entitlement and she was advised to reclaim Income Support in July 2009 (after 39 weeks). Subsequently Fiona is told that the qualifying period has changed and is now only 13 weeks and on 19.1.09 she reclaims Income Support. The decision maker decides that this is a new claim made after 4.1.09 and that Fiona can benefit from the shorter qualifying period if she has entitlement to a relevant benefit that commences after 4.1.09 and that entitlement was not immediately preceded by a linked period. However Fiona can only have entitlement to a relevant benefit if the award includes housing costs and unfortunately she can only get the housing costs via the shorter qualifying period if she is actually awarded Income Support. Consequently Fiona cannot establish an entitlement to a relevant benefit, the new rules do not apply and she is reminded to make a further claim in July when she will have completed the 39 week qualifying period.

Example 4

John claimed both income and contribution-based Jobseeker's Allowance on 7.01.09. John was disallowed income-based Jobseeker's Allowance as his wife was in remunerative work. John was awarded contribution-based Jobseeker's Allowance from 7.01.09. John's wife Mary becomes unemployed on the 27.05.09 and John claims income-based Jobseeker's Allowance. He has a mortgage and claims housing costs. The decision maker decides that the new housing cost rules apply and John will be entitled to help with his housing costs from 26.08.09, 13 weeks after his award of income-based Jobseeker's Allowance.

As John was in receipt of a relevant benefit this allowed him to avail of the new housing costs regulations. However, the qualifying period for housing costs will only commence from the date income-based Jobseeker's Allowance is awarded from i.e. 27.05.09. At this date, although John was in receipt of a relevant benefit (contribution-based Jobseeker's Allowance) for 20 weeks, he still has to serve another 13 weeks towards his housing costs qualifying period. This is because during the period he was entitled to contribution-based Jobseeker's Allowance, he could not be treated as entitled to income-based Jobseeker's Allowance because his wife was in

remunerative work and was, therefore, not disallowed under excess income over requirements.

In the example above Jobseeker's Allowance can be substituted by Employment and Support Allowance.

FURTHER MODIFICATIONS FOR INCOME-BASED JOBSEEKER'S ALLOWANCE

16. Where the relevant benefit claimed is Jobseeker's Allowance, then any help under the new rules with
1. qualifying loans taken out to buy the home, **or**
 2. qualifying loans for repairs and improvements, **or**
 3. a combination of the two

is limited to a total of 104 weeks¹.

¹ *The SS (Housing Costs Special Arrangements) (Amendment and Modification) Regulations (NI) 2008 (S.R 2008 No. 503), reg 11(b), JSA Regs (NI), Sch 2 para 4A*

17. The period of 104 weeks commences from the earliest date those housing costs were first met and it is calculated disregarding
1. any linked periods
 2. any weeks where the capital limit for loans was based on £100,000¹.

¹ *JSA Regs (NI), Sch 2 para 4A(2)*

Example

Beryl has been in receipt of income-based Jobseeker's Allowance since 3.11.08. She has a £110,000 mortgage taken out in 1994. On 4.1.09 her applicable amount includes 50% housing costs, based on the maximum limit of eligible capital of £100,000. The decision maker decides Beryl satisfies the criteria to have the new rules apply and therefore from 2.2.09 Beryl's housing costs are increased to 100% (based on £110,000). On 24.1.11 Beryl has completed 104 weeks (disregarding the period 5.1.09 to 1.2.09 when her award was based on £100,000) and her housing costs are withdrawn.

18. The 104 week limitation does not apply where
1. the previous claim was for Income Support or Employment and Support Allowance **and**
 2. there were 12 weeks or less between that and the Jobseeker's Allowance award¹.

1 JSA Regs (NI), Sch 2 para 4A(3)

Example

Elaine is a lone parent receiving Income Support which includes an amount of housing costs towards her £130,000 mortgage (restricted to £100,000). On 6.4.09 she is no longer entitled to Income Support as a lone parent and is required to claim Jobseeker's Allowance. Elaine claims Jobseeker's Allowance immediately. The decision maker decides that Elaine has entitlement to a relevant benefit and that that entitlement was not preceded by a linked period (no gap between Income Support and Jobseeker's Allowance). She can therefore benefit from the shorter qualifying period under the new rules and the higher loan limit. Elaine is not subject to the 104 week limitation of housing costs support because she received Income Support immediately prior to her Jobseeker's Allowance award.

STATE PENSION CREDIT

19. The amount of the maximum limit for qualifying loans is increased to £200,000 for certain claimants who make a new claim to State Pension Credit after 5.1.09.
20. The new limit applies where a claimant is entitled to State Pension Credit **and**
1. that person or their partner ceased to be entitled to a relevant benefit within 12 weeks of
 - 1.1 the first day of entitlement to State Pension Credit **or**
 - 1.2 the date the actual claim to State Pension Credit was made where that claim had been treated as made earlier¹ **and**
 2. the previous relevant benefit included interest on qualifying loans taken out to buy the home, or qualifying loans for repairs and improvements, or a combination of the two **and**

3. the previous relevant benefit included housing costs awarded under the new rules.

1 The SS (Housing Costs Special Arrangements) (Amendment and Modification) Regulations (NI) 2008 (S.R 2008 No. 503), reg 12(1)

ANNOTATIONS

Please annotate the number of this memo (DMG Memo Vol 4/79, 8/4 & 13/35 (Revised)) against DMG paragraphs:

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Department for Social Development

Decision Making Services

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