



HOUSING ADVISORY SERVICE

HOUSING COSTS

HELP WITH PAYING THE INTEREST PAYMENTS ON YOUR MORTGAGE

The only benefits that pay for some of your housing costs as an owner-occupier are **Income Support** and **Job Seekers allowance** (means tested JSA). If you have a mortgage or you pay service charges, it is advantageous to be on one of the above benefits.

Briefly, to qualify for **Job Seeker's Allowance** you must be either out of work or working less than 16 hours per week and be capable of work.

To qualify for **Income Support** you must be out of work and cannot work on health grounds, have children under 16 and are a single parent; or are a carer in receipt of **Invalid Care Allowance**.

The rules for claiming Income Support/Job Seeker's Allowance housing costs can be very confusing. Qualifying for Income Support/Job Seeker's Allowance (IS/JSA), does not mean that you will also qualify for all your eligible housing costs to be paid.

If you or your partner are 60 or over, your eligible housing costs will be paid in full from the start of your claim.

ELIGIBLE HOUSING COSTS

The section below covers what is an **eligible** housing cost and when these will be paid.

There may be some costs, which you were not aware you could claim for. Check that all of these have been included in your claim. If they have not, you may be able to make a backdated claim – depending on whether you originally stated them as a cost on your first claim form.

WHAT IS ELIGIBLE

- Mortgage interest payments (including payments on a 're-mortgage' as long as it was taken out for the same property, with the same lender, and for the same amount as the first loan/mortgage)
- Interest on loans used to pay for repairs/improvements, or to meet a service charge for repairs/improvements.



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AND

You must be liable yourself to pay for the housing costs.
They must be for the home, which you normally live in.

LOANS FOR REPAIRS AND IMPROVEMENTS

Below is a list of the things which an eligible loan must cover. Interest on the loan will only be paid, if it was for the one of the following purposes:

- A bath/shower/toilet/wash basin, also plumbing and hot water.
- Heating repairs
- Damp proofing
- Provision of natural lighting ventilation
- Drainage facilities
- Facilities for preparing/cooking food
- Home insulation
- Electrical rewiring
- Facilities to store fuel/rubbish
- Repairs to unsafe structural defects
- Disabled adaptations
- Extensions to provide extra bedrooms for children of different sexes over 10 years old.

If only part of your loan was for some of these purposes, then only that proportion of your loan will apply.

SERVICE CHARGES

Below is a list of the parts of your service charge that will be met. You will need to provide a breakdown of what your charge covers to the Benefits Agency.

Services to provide/maintain adequate accommodation.

This includes general management costs, gardens, play areas, lifts, entry phone, communal telephone costs, portage, rubbish removal and TV and radio equipment (not for satellite/cable).

- Laundry facilities, but not any amount for personal laundry.
- Furniture/household equipment



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- Cleaning of communal areas
- Cleaning in your own accommodation, only if you or no one in your household can manage it.
- Emergency alarm equipment in accommodation used by sick/elderly/disabled people.
- Support services as long as they are the main job of the person who provides them.
- Minor repairs and maintenance
- House insurance, but not that required to be paid by your lender.

Service charges for repairs and improvements are not met, but, as described above, interest on a loan taken out to pay for these charges will be met.

WHEN WILL YOU BE PAID

People who qualify for payment of their eligible housing costs can be divided into three broad groups:

1. Those who took out their mortgage on/after 2 October 1995 and claimed benefit after this date. If you are in this group, you will get the following help with your eligible housing costs:
 - No help in the first 39 weeks of your claim.
 - (However, if your loan was taken out after 2 October 1995, but replaces a loan taken out before that date, is with the same lender, for the same property and is for the same/lesser amount as the earlier loan, then it comes under Group 2 rules).
 - Full payment of eligible housing costs after 39 weeks on IS/JSA. This group is subject to what is called the '39 week waiting period'.
2. Those who took out their mortgage before 2 October 1995 and claimed benefit on/after this date. If you are in this group, you will get the following help with your eligible housing costs.
 - No help in the first 8 weeks of your claim
 - 50% of your costs paid from week 9 to week 25 of your claim
 - full payment from week 26 of your claim onwards.
3. Those who took out their mortgage before 2 October 1995 and claimed benefit before this date.



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If you are in this group, you will get what is known as 'transitional protection' on your claim. This protection takes the form of an 'addback'. Your claim would have been re-calculated under the post 2 October 1995 rules, and if the amount you were allowed had gone down, the difference between the old and new amounts would have been included on your housing costs as an 'addback'. This addback continues until the amount you receive under the current rules has risen to the level of what you received under the pre-October 1995 rules.

STANDARD MORTGAGE INTEREST RATE

The only eligible part of your loan is the interest.

A standard rate of interest is used, which is currently, at the time of going to press, 4.5%. This will need to be checked as it changes several times a year. If the interest rate your lender charges is higher than this, you will be expected to meet the shortfall.

RESTRICTIONS FOR HIGH HOUSING COSTS

Up to 10th April 1994, only mortgages/secured loans up to £100,000 can be taken into account for housing costs. A higher amount may have been allowed if you claimed on or after 11th April 1994, and the limit is £150,000 if you claimed on or after 2nd August 1995.

There are also other ways in which your housing costs can be restricted, for example, if the Benefits Agency decide that your home is too big for you and your family. If this kind of decision has been made about your claim, you will be informed in writing. You could appeal against a decision of this kind, as the law often allows the Benefits Agency to exercise their discretion in this area. However, if you were able to meet your housing costs when you first moved in, your housing costs will not be restricted for the first 26 weeks of the claim, and in some circumstances you can get a further period with no restriction. If you are in this situation, you need to seek further specialist advice.

NON-DEPENDENT DECISIONS

You may have an amount deducted from your housing costs if you have other people living in your home.

A non-dependant is a person who you do not receive benefit for and lives permanently in your property e.g an adult child or close relative. The following list of people are not-dependants.



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- A lodger who pays you to live in your home.
- A person 15-24 who is on Job-Seeker's Allowance/Income Support
- A person who is 16-17 and on a Youth Training Allowance
- A person who jointly owns your home with you.

Even if you do have a non-dependant in your household, no deduction can be made if:

- You/your partner are registered as a blind person with the local authority
- You/your partner get Attendance Allowance care component of Disability Living Allowance, or war/injury at work benefits.
- The non-dependent is a full-time student/ under 18/under 25 and on income support.