

EXPLANATORY MEMORANDUM TO
THE SOCIAL SECURITY (HOUSING COST AMENDMENT) REGULATIONS 2015
2015 No. 1647

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.
2. **Purpose of the instrument**
 - 2.1 The instrument modifies the Income Support (General) Regulations 1987 ([S.I.1987/1967](#)), the Jobseeker's Allowance Regulations 1996 ([S.I.1996/207](#)), the Employment and Support Allowance Regulations 2008 ([S.I.2008/794](#)), the Universal Credit Regulations 2013 ([SI 2013/376](#)) and the Universal Credit (Transitional Provisions) Regulations 2014 ([SI 2014/1230](#)) to increase the waiting period before full housing costs (including help with mortgage interest) can be met to 39 weeks (currently 13 weeks), or 9 assessment periods in Universal Credit (currently 3 assessment periods).
 - 2.2 This change removes one of the temporary measures introduced by the Social Security (Housing Costs Special Arrangement) (Amendment and Modification) Regulations 2008 ([S.I.2008/3195](#)) as modified by the Social Security (Housing Costs Special Arrangements) (Amendment) Regulations 2009 ([S.I.2009/3257](#)). They will apply to new claims made on or after 1 April 2016.
 - 2.3 The 39 week waiting period introduced by these regulations will apply to new claims made on or after 1 April 2016 and "unlinked" claims made on or after 1 April 2016. The 13 week waiting period introduced by S.I. 2008/3195 will still apply to claimants who are in a waiting period for housing costs up to and including 31 March 2016.
3. **Matters of special interest to the Joint Committee on Statutory Instruments.**
 - 3.1 None
4. **Legislative Context**
 - 4.1 A claimant in receipt of income support (IS), a jobseeker's allowance (JSA), an employment and support allowance (ESA), or Universal Credit (UC) may be entitled to help towards the interest on loans taken out to purchase their home and for certain home improvement loans. They may also qualify for help towards meeting other housing costs (such as ground rent and specific service charges).

- 4.2 With the exception of cases where a benefit claim is “linked” to a previous claim, a waiting period must be served before housing costs, including help with mortgage interest, can be paid. The waiting period is currently 13 weeks.
- 4.3 The Social Security (Housing Cost Special Arrangement) (Amendment and Modification) Regulations 2008 (SI 2008/3195) which introduced the 13 week waiting period also removed waiting periods of 8 and 26 weeks that applied in a small number of specified cases. These were where the mortgage agreement was entered into before October 1995 or where the claimant was considered unlikely to be able to secure mortgage protection insurance. These provisions will not be re-introduced and these regulations remove them from the relevant statutory instruments.

5. Territorial Extent and Application

- 5.1 This instrument applies to Great Britain, with reciprocal arrangements in Northern Ireland.

6. European Convention on Human Rights

- 6.1. As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy Background

- **What is being done and why**

- 7.1. The 13 week waiting period was part of a package of temporary measures introduced by the Government in January 2009 to support homeowners and the housing industry during the recession. These measures were part of a wider government policy that was designed to protect claimants against repossession and reduce the impact of the recession on the housing market. As the housing and labour markets have now recovered, the Government has decided that it is the right time to re-introduce a 39 week waiting period for new claims.

- **Changes to waiting periods**

- 7.2. The provisions in this instrument introduce a 39 week waiting period for all working age claimants who are required to serve a waiting period before housing costs, including payment of eligible mortgage interest, can be paid. This replaces the existing waiting period of 13 weeks. The Government believes that the 39 week waiting period will not have an impact on repossessions because it expects mortgage lenders to continue to exercise forbearance in the knowledge that housing costs will become payable. Based on the housing costs in respect of mortgage interest for working age claimants of £165 monthly, a claimant who made no mortgage payments whilst serving a waiting period would accrue around £1000 in mortgage arrears over a six month period. This level of arrears is similar to the arrears position in around 150,000 cases in the wider mortgage market.

- **Consolidation**

- 7.3. Informal consolidated text of instruments is available to the public free of charge via ‘The Law Relating to Social Security’ (Blue Volumes) on the Department for Work and Pensions website at <http://www.dwp.gov.uk/publications/specialist-guides/law-volumes/the-law-relating-to-social-security/> or the National Archive website [legislation.gov.uk](http://www.legislation.gov.uk). An explanation as to which instruments are maintained on each site is available from <http://www.dwp.gov.uk/docs/lawvolnews.pdf>

8. Consultation outcome

- 8.1. The Department held a [Call for Evidence](#) on housing costs for owner occupiers between December 2011 and February 2012. Respondents to this consultation who commented on the waiting period said that they would not support the current 13 week waiting period being extended to 39 weeks until economic conditions improved. If a return to a 39 week waiting period took place before the employment and housing markets improved it could lead to an increase in arrears and, potentially repossessions, with wider consequences for the housing market and the economy more generally.
- 8.2. Economic and housing market conditions have improved significantly since this Call for Evidence was held, and in light of this the Chancellor announced, through the Budget on 8 July 2015, that the waiting period would return to the pre-recession length of 39 weeks. Repossessions have fallen from around 13,000 per quarter in 2009 to around 3000 in the first quarter of this year, and this appears still to be falling. House prices have surpassed their pre-crisis peak, and the average home in the UK now costs £194,000ⁱ.

9. Guidance

- 9.1. Guidance on the changes to Regulations will be issued to Jobcentre Plus decision makers and benefit processors. The Department will publicise these changes on www.gov.uk so that claimants, mortgage lenders and welfare rights advisers are aware of them.

10. Impact

- 10.1. There is no impact on charities, business or voluntary bodies.
- 10.2. The impact on the public sector is negligible or low as it will primarily involve changes to computer programmes and changes to the provision of advice. These changes will be absorbed into existing resources within the Department for Work and Pensions.
- 10.3. A full impact assessment has not been prepared for this instrument as it has no impact on the private sector or civil society organisations.

11. Regulating small business

11.1. The legislation does not apply to small business.

12. Monitoring and review

12.1. The impact will be reviewed through existing regular liaison between the Department and the Council of Mortgage Lenders.

13. Contact

Ruth Greenwood at the Department for Work and Pensions, Tel: 0113 2327601, or Email: ruth.greenwood@dwp.gsi.gov.uk can answer any queries regarding this instrument.

ⁱ Data from Nationwide Building Society