

Support for Mortgage Interest claimants: capital limits, mortgage capital, HOLD mortgage sales and Income Support claimants by housing tenure

Data for 2008/09-2016/17

Published: 23 October 2017
Great Britain

Ad hoc

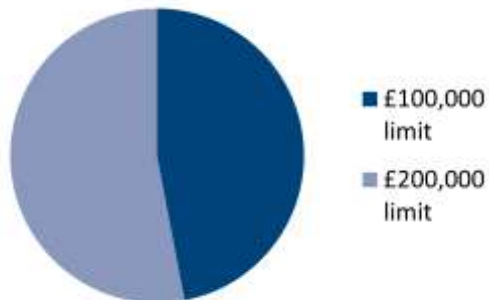
One off

Support for Mortgage Interest (SMI) helps protect claimants on qualifying benefits with mortgages from repossession during periods of unemployment, sickness or retirement by contributing towards the interest payments on the claimant's mortgage. Claimants are eligible if they have a mortgage and are in receipt of Income Support (IS), income-based Jobseeker's Allowance (JSA), income-related Employment and Support Allowance (ESA), Pension Credit (PC) or have no earnings on Universal Credit (UC).

Main stories

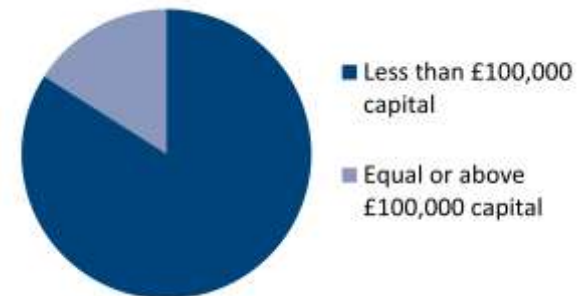
47% of SMI claimants were subject to a £100,000 capital limit on the rate at which SMI entitlement was calculated in 2016/17.

This chart shows the proportion of SMI claimants subject to a £100,000 compared to a £200,000 capital limit in 2016/17:



In 2016/17, the average outstanding eligible mortgage capital for calculating SMI entitlement was £50,000.

The proportion of SMI claimants with outstanding eligible mortgage capital greater than or equal to £100,000 in 2016/17 was 16%:



What you need to know

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Comments? Feedback is welcome

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Calculating Support for Mortgage Interest entitlement

SMI entitlement is calculated based on a standard interest rate applied to the claimant's outstanding capital on their mortgage up to a capital limit. Eligible mortgage capital excludes arrears and any additional mortgage capital taken out after the purchase of the claimant's home (except for adaptations in connection with disability). SMI for Pension Credit claimants, and working age claimants starting a qualifying benefit before January 2009, is calculated up to a £100,000 capital limit. SMI for working age claimants beginning a qualifying benefit since January 2009 is calculated up to a capital limit of £200,000. The capital limit was increased for new working age claimants in January 2009 to provide additional protection following the recession. The standard interest rate on which SMI is calculated is based on the Bank of England's forecast average mortgage interest rate. In October 2017, the standard interest rate was 2.61%.

Home Ownership for people with Long-term Disabilities (HOLD)

The Home Ownership for people with Long-term Disabilities (HOLD) scheme provides disabled people who are unable to find a home suited to their needs with help to buy a home on a shared ownership basis (part-rent/part-buy). HOLD, and other schemes like it, have been available since the late 1990's. The scheme allows for the purchase of between 25% and 75% of the property's value for those with household income of £80,000 a year or less (£90,000 in London).

Purpose of this *ad hoc* statistical release

This *ad hoc* release contains analysis undertaken to inform a Court of Appeal hearing in October 2017 in relation to SMI. The case was brought by a disabled Income Support claimant challenging the application of a £100,000 capital limit to their calculation for SMI entitlement. The claimant obtained a mortgage through the HOLD scheme. The analysis in this publication shows the position in 2008/09, when the capital limit on which SMI is calculated was changed from £100,000 to £200,000 for working age benefit claimants, and the most recent year for which data is available.

Information about the analysis and statistics

The publication presents estimates on:

- The proportion of SMI claimants subject to £100,000 and £200,000 capital limits.
- The average eligible mortgage capital of SMI claimants and the proportion of claimants with eligible mortgage capital over £100,000.
- The number and value of HOLD mortgage sales since 2005/06.
- Income Support claimants with disabilities, by housing tenure.

For information on how the estimates were produced see 'About these Statistics' (p8).

Mortgage capital limits for SMI claimants

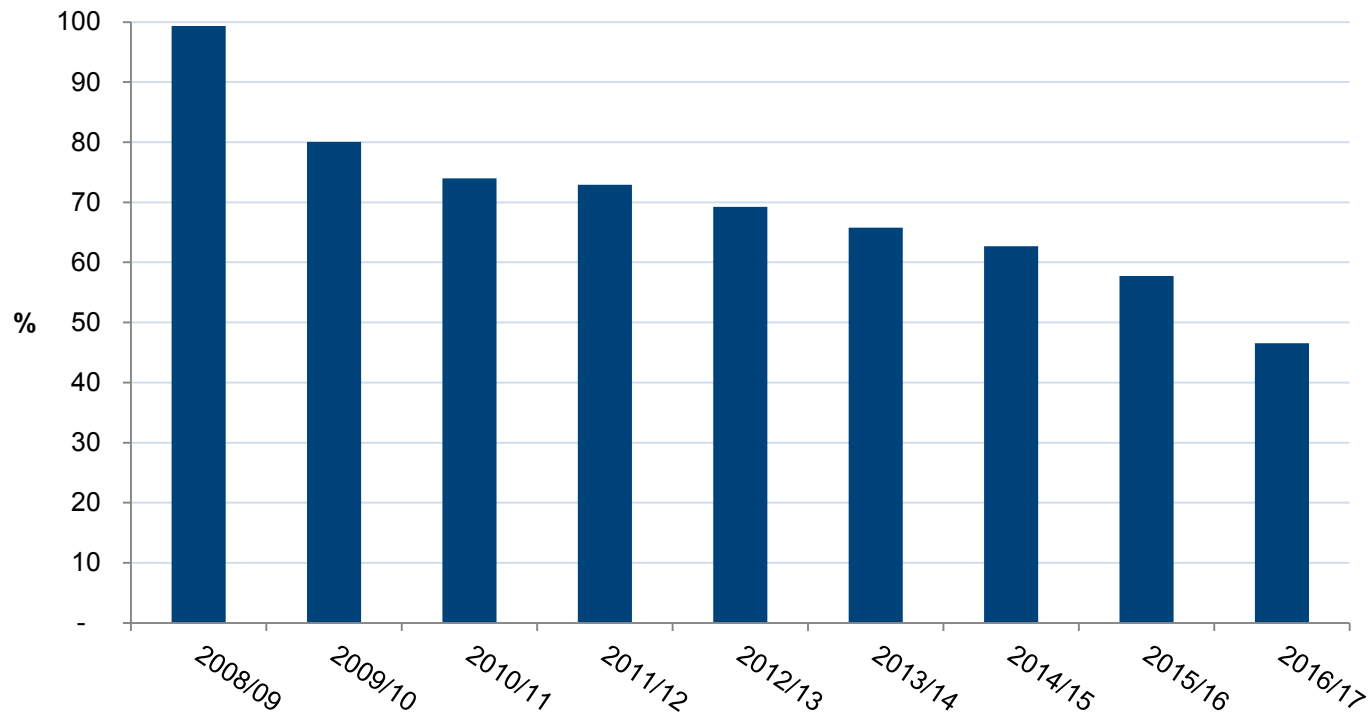
The chart shows the proportion of the SMI caseload each year that was subject to a £100,000 capital limit, rather than a £200,000 capital limit, on the rate at which SMI entitlement is calculated and paid. The period covered is from 2008/09, during which a £200,000 capital limit was introduced in January 2009 for new working age claimants in receipt of an eligible benefit.

The proportion of claimants subject to a £100,000 capital limit was 47% in 2016/17. The proportion of claimants subject to the £100,000 capital limit has reduced over time. This is expected as more claimants flow off SMI and are replaced by new working age claimants who, since January 2009, have been eligible for SMI with a capital limit of £200,000.

See table 1 for full data.

The proportion of claimants with a £100,000 capital limit has reduced substantially over time

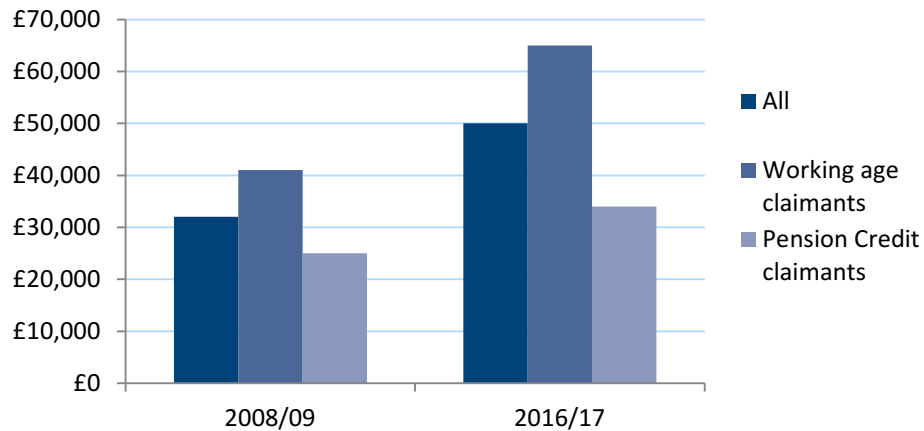
Estimated proportion of SMI claimants subject to a £100,000 capital limit, 2008/09 to 2016/17



Mortgage capital of SMI claimants

The average eligible mortgage capital of SMI claimants is £50,000

Estimated average outstanding eligible mortgage capital for calculating SMI entitlement



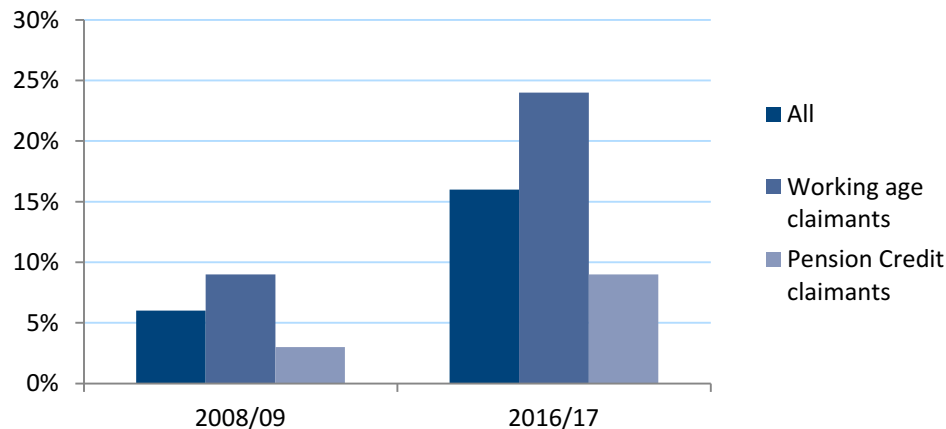
The average outstanding eligible mortgage capital of SMI claimants increased from £32,000 in 2008/09 to £50,000 in 2016/17. This is as expected, because of the higher capital limit introduced in 2009 for new working age claims coupled with increasing house prices.

Average eligible mortgage capital for working age SMI claimants is higher than for Pension Credit SMI claimants. For working age claimants in 2016/17 the average mortgage capital was £65,000, compared with £34,000 for Pension Credit claimants.

See table 2 for full data.

Around 1 in 6 SMI claimants have £100,000 or more eligible mortgage capital

Estimated proportion of SMI claimants with outstanding eligible mortgage capital equal to or greater than £100,000



The proportion of SMI claimants with £100,000 or more outstanding eligible mortgage capital increased from 6% in 2008/09 to 16% in 2016/17.

A higher proportion of working age SMI claimants have £100,000 or more outstanding eligible mortgage capital when compared with Pension Credit SMI claimants (24% and 9% respectively in 2016/17).

See table 3 for full data.

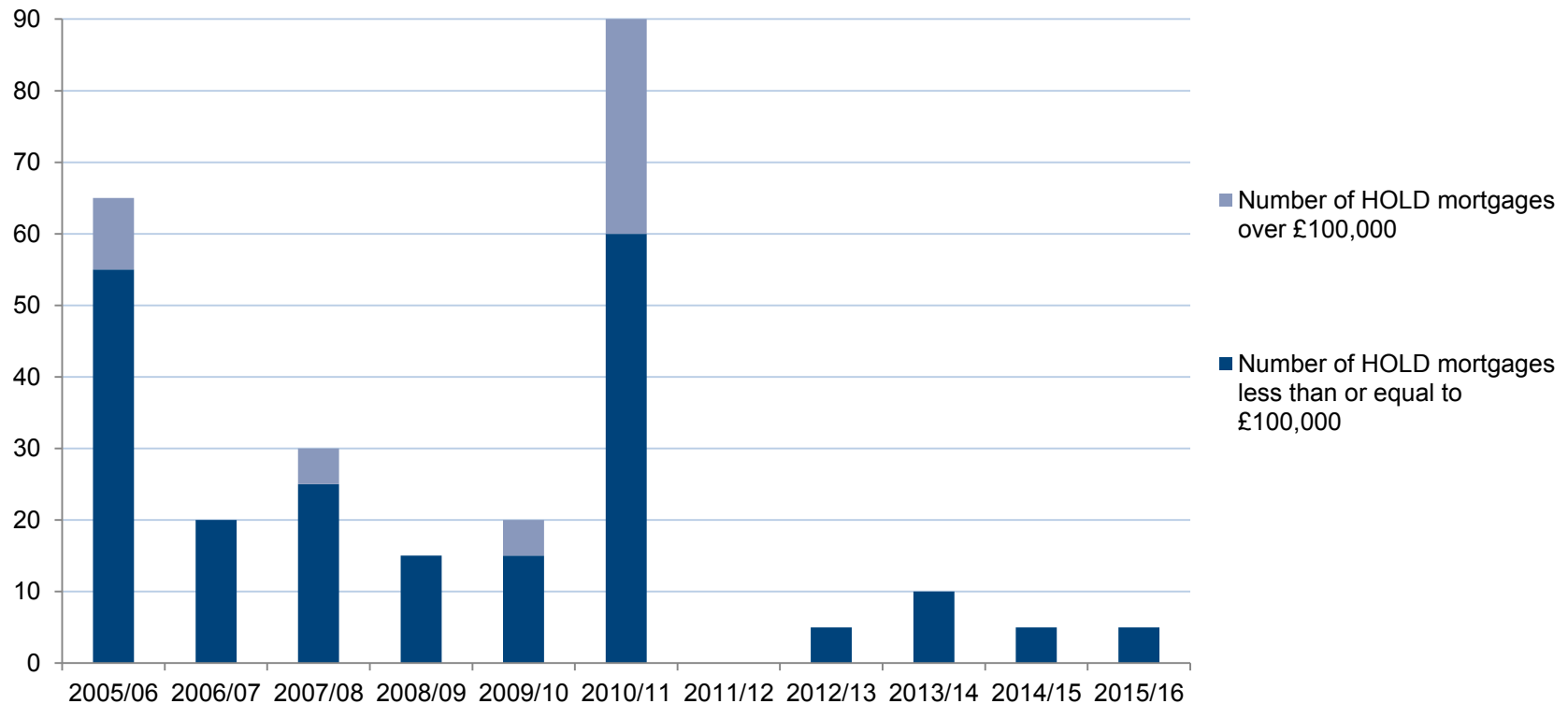
HOLD mortgage sales, 2005/06 to 2015/16

HOLD mortgage sales reached a peak of 90 in 2010/11 between the period 2005/06 to 2015/16. The second highest annual number of HOLD mortgage sales was 65 in 2005/06. The annual number of HOLD sales each year since 2011/12 was lower than in the years from 2005/06 to 2010/11. Most HOLD mortgage sales are under £100,000.

See table 4 for full data.

HOLD mortgage sales have declined since 2010/11

Number of HOLD mortgage sales over and under £100,000, per year



Income Support claimants with disabilities, by housing tenure

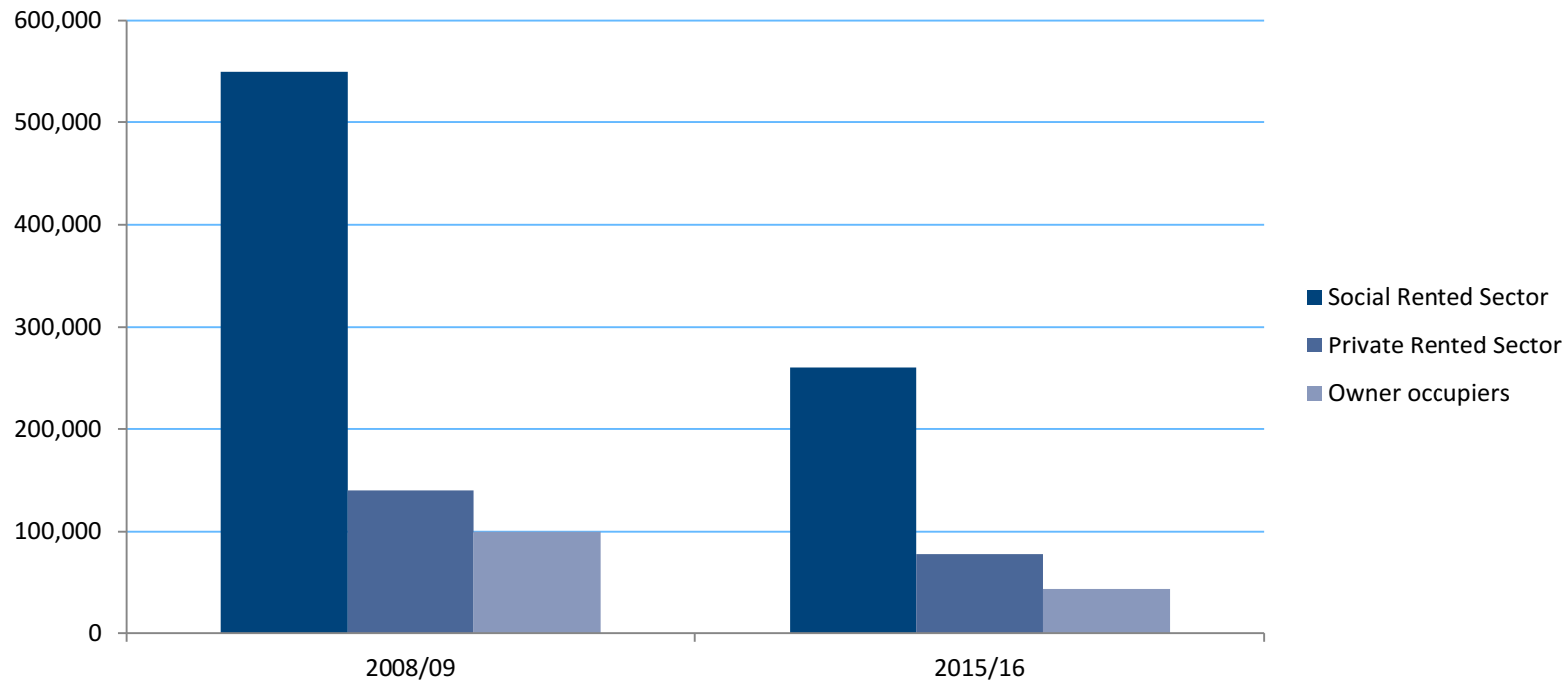
In 2008/09, an estimated two thirds (70%) of IS claimants with disabilities lived in the social rented sector (550,000). In 2015/16, a similar proportion (68%) of IS claimants were estimated to live in the social rented sector with the total number of households estimated at 260,000. IS claimants with disabilities were least likely to be owner occupiers in 2008/09 and 2015/16.

The number of IS claimants has fallen since the introduction in 2008 of Employment and Support Allowance, which replaced IS for people with disabilities, and Lone Parent Obligations, which means lone parents no longer receive IS solely on the grounds of being a lone parent once their youngest child has reached a certain age.

See table 5 for full data.

The majority of Income Support claimants with a disability live in the social rented sector

Estimated number of Income Support claimants with a disability, by housing tenure



About these statistics

Mortgage capital limits for SMI claimants

DWP does not hold an analytical data set of SMI claims. Analysis of mortgage capital limits and claimants' mortgage capital are based on DWP's Quarterly Statistical Extract (QSE) data. QSE is a quarterly 5 per cent sample of Jobseeker's Allowance claimants, Income Support and Pension Credit claimants drawn from DWP's Jobseeker's Allowance Payment System and Income Support Computer System. No analytical data is available on SMI payments for ESA or UC claimants. In the absence of data the proportion of ESA claimants subject to a £100,000 capital limit and ESA claimant's mortgage capital has been assumed to be at the same level as that of Income Support claimants. Less than 1% of SMI claimants were estimated to claim UC in 2016/17.

The estimate of the proportion of claimants subject to a £100,000 capital limit used the start date of SMI claimants on qualifying working age benefits, with a cut-off date of April 2008, to determine whether a claimant was subject to a £100,000 or £200,000 capital limit. Transitional measures in January 2009 meant that claimants starting a qualifying benefit claim before April 2008 were subject to a £100,000 limit. **Due to small sample sizes, and assumptions on capital limits for ESA claimants, estimates should be treated with caution.** Estimates have been calibrated to published SMI caseloads in the [Benefit Expenditure and Caseload Tables](#).

Mortgage capital of SMI claimants

Estimates of the average eligible mortgage capital of SMI claimants and the proportion of SMI claimants with mortgage capital over £100,000 were analysed using data from QSE on the amount claimants receive in SMI. This can be used to estimate the outstanding eligible capital on claimants' mortgages based on the standard interest rate at which SMI is calculated at the time of the data capture. Additional mortgage capital over and above the capital limit at which SMI is calculated will not be captured, so actual average mortgage capital will be higher than average eligible mortgage capital. Figures have been calibrated to published SMI caseloads. The eligible mortgage capital of ESA claimants is assumed to be the same as that of IS claimants. **Due to small sample sizes, and assumptions on mortgage capital of ESA claimants, estimates should be treated with caution.**

HOLD mortgage sales

Information on HOLD mortgage sales is from the Department for Communities and Local Government Continuous Recording of Lettings and Sales (CORE) dataset. The CORE dataset does not provide complete information on HOLD mortgage sales as registered providers may not have submitted data. Figures have been rounded to the nearest 5. CORE sales data is available under license from the UK Data Service <https://www.ukdataservice.ac.uk/>.

Income Support claimants with disabilities, by housing tenure

Housing tenure of Income Support claimants with disabilities was estimated using the Family Resources Survey. Estimates are based on self-reported disability, defined according to the Disability Discrimination Act (1995 and 2010), of Income Support claimants. The Family Resources Survey underestimates the Income Support caseload in 2008/09, meaning the estimated number of households in each housing tenure will be underestimated to a degree.

Note estimates may not exactly match figures used in court documents due to revisions in methodology, the use of data captured at different periods in time and rounding conventions used for published statistics.

Where to find out more

General introduction to SMI - <https://www.gov.uk/support-for-mortgage-interest>

SMI caseload and expenditure - <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2017>

House of Commons briefing paper on SMI – <http://researchbriefings.files.parliament.uk/documents/SN06618/SN06618.pdf>

The Bank of England's forecast average mortgage rate can be found on table G1.4 column HSDE - <http://www.bankofengland.co.uk/statistics/pages/bankstats/current/default.aspx>