



HUMAN RESOURCE POLICY HOME OWNERS ALLOWANCE

Policy No: NLMHREB005	Effective Date: 01 April 2008
Approved:	Review Date: 01 April 2009

Notwithstanding the review date herein, this policy shall remain effective until such time approved otherwise by Council and may be reviewed on an earlier date if necessary, subject to Labour Law Dispensation or operational requirements.

1. SCOPE

This policy applies to eligible Ngwathe Municipality staff.

2. PREAMBLE

This policy must be read in conjunction with the SALGBC Conditions of Service Collective Bargaining Agreement (such reference document is contained at the end of this manual).

It is the intention of Ngwathe to assist employees to repay home loans so that employees are encouraged to take ownership of housing and to facilitate economic empowerment through home ownership.

The amount of R85000 shall be increased through a process to be determined between the parties to the SALGBC Conditions of Service Collective Agreement, and may be so increased during the term of the current agreement.

3. POLICY

Ngwathe policy is to assist employees who have home ownership to meet their financial obligations by way of a housing subsidy.

4. STAKEHOLDER ANALYSIS

Role	Responsibility
Municipal Manager / Director Corporate Services (subject to its delegations if any)	
Council	
Line Manager	
Human Resources	
Labour Representatives	

5. PROCEDURE

5.1 Eligibility for employees

The Home Owners Allowance shall be extended to all employees subject to the requirements of the scheme, which provides for a subsidy in respect of a mortgage bond to a maximum amount of R85 000,00.

An employee may not receive a home-owner allowance if the employer already pays a home-owner allowance to her or his spouse.

5.2 Home Ownership

An employee may receive a home-owner allowance for:

A home registered in her or his name, whether single or with her or his spouse;

A home that stands on land to which the employee has legal rights to occupy state or tribal land; or

A home:

- Which she or he contracted to purchase and
- For which she or he has obtained an eligible mortgage as described in the paragraph below, but
- Which she or he has not yet occupied for reasons beyond her or his control

An employee may receive a home-owner allowance only for a home located in the jurisdiction of the municipality.

5.3 Occupancy

The employer shall provide a home-owner allowance only for a home in which an employee and his immediate family live for most of the year.

For this purpose, an employee's immediate family includes only:

- Her or his spouse
- Dependant children

5.4 Mortgage Bonds

5.4.1 The employer shall provide a home-owner allowance only to help repay a bond or an extension of a bond:

- 5.4.2 Obtained from a government agency, a legally registered financial institution or a financial institution established by special statute, and
- 5.4.3 That the employee uses to purchase her or his home or to finance immovable improvements and/or alterations, including structural maintenance on her or his home.
- 5.4.4 The employer shall help repay the bond only during its original term. The employer shall not supplement a home-owner allowance to help an employee repay an advance on an existing bond or reinstitute a bond, irrespective of how the employee uses the relevant funds.

6. VALUE OF THE HOME-OWNER ALLOWANCE

- 6.1 The maximum home-owner allowance shall equal the allowed interest on a bond of R85 000. The SALGBC shall set the allowed interest rate equal to the weighted average interest rate levied by the five largest financial institutions in South Africa on the start of each quarter.
- 6.2 The amount of R85 000.00 shall be increased through a process to be determined between the parties to the Council and may be so increased during the term of this agreement.
- 6.3 If the employer does not pay the interest on the first mortgage before the first instalment, the home-owner allowance shall equal the smallest of the following sums:
 - 6.3.1 75 per cent of the compulsory monthly interest plus capital payment on an eligible bond or part of a bond

6.3.2 254 per cent of the value of the eligible bond or part of a bond,
or

6.3.3 the maximum allowance

6.4 If an employee

6.4.1 Pays interest on a first or main mortgage before the first instalment, and

6.4.2 Complies with the occupancy requirements provided in paragraph 2.3,

6.4.3 the employer shall pay the interest on the bond for up to thirty days, up to the monthly allowance and reduce the home-owner allowance as provided above.

6.4.4 If the above is applicable, the employee's monthly housing allowance shall equal the smallest of:

6.4.4.1 73 per cent of the compulsory monthly interest plus capital payment on an eligible bond or a part bond;

6.4.4.2 1.15 per cent of the value of the eligible bond or part of a bond; or

6.4.4.3 96.6 per cent of the maximum allowance.

6.5 If an employee owns a share in a home and is not married to her or his co-owner, he or she shall receive the lesser of

6.5.1 The allowance payable on a bond equal to 50 per cent of the registered bond on the property, and

6.5.2 A portion of the allowance provided in paragraph 9 proportional to the lesser of:

6.5.2.1 Her or his share in a bond on the home; and

6.5.2.2 Her or his share in the property.

7. START AND TERMINATION

7.1 The employer shall pay:

7.1.1 The home-owner allowance on the first instalment of an eligible bond when it falls due; and

7.1.2 The regular home-owner allowance from the first monthly pay day after the first instalment.

7.2 The employer shall terminate the home-owner allowance on the day an employee becomes ineligible.

7.3 Where the employer discharges an otherwise eligible employee for any reason, the employer shall stop paying the home-owner allowance on the employee's last monthly payday.

7.4 If:

7.4.1 an eligible employee is suspended without pay or takes paid or unpaid leave; and

7.4.2 Continues to make her or his bond repayments;

7.4.3 The employer shall continue to pay her or his home-owner allowance.

8. AUTHORITY

Formulation Policy	:	Municipal Manager
Authorisation Policy	:	Council
Ownership and Maintenance Manager	:	Director Corporate Services