



HUMAN RESOURCE POLICY HOUSING AND RENTAL ALLOWANCE

Policy No: NLMHREB006	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

To participate in the advantage of this scheme, an employee must at the date of application or on any date during the period of application of the scheme:

- (a) be a full-time, permanent employee of the Municipality ;
- (b) be a contributing member of a legally constituted pension or provident fund or be under an obligation to contribute for that purpose on completion of a qualifying period of service ;
- (c) not have a spouse who is eligible for any form of a housing assistance.

If an employee is in possession of another dwelling, which is either paid off or not paid off as yet, refer to the basis set out in annexure (A).

2. PREAMBLE

Ngwathe acknowledges that employees need access to housing and that in certain circumstances home ownership may not always be possible. In cases where rental accommodation and/or Municipality housing is utilised then assistance will be given in line with this policy.

3. POLICY

The municipality shall assist:

- (i) Employees to repay home loans, and
- (ii) To promote home-ownership to employees

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

Criteria for participation in the scheme:

5.1 Home ownership –

An employee may receive a homeowners allowance for a home:

- (a) Which is registered in his/her spouse's name; or
- (b) Which is erected on the stand in respect of which his/her spouse has a right of leasehold in pursuant to a statutory provision; or

(c) Which is acquired by his/her spouse by virtue of an agreement of sale which will lead to the acquisition of ownership and in respect of which a registered bond loan has been granted to him, but which has not yet been registered in his/her name or in that of his/her spouse, because:

- survey and, or township has not yet been completed; or
- the relevant employee in that event of the survey or township establishment having already been completed, has not yet paid the required deposit on the purchase price in full; or
- no allowance is payable when an employee occupies a property registered in the name of a company, partnership, trust or legal body ;
- If, as a result of a disaster (hurricane, floods, earthquake, fire, damage etc), an employee is forced to vacate the property temporarily, the municipality may continue with the payment of a home – owners allowance, subject to the conditions and for the period which it deems reasonable.

3. Location requirements –

The property must be situated within the borders of Ngwathe municipality, provided that ad hoc instances will be dealt with by the municipality.

4. Loan requirements –

There must be a registered bond in existence on the property (not a terms sale agreement) which is acquired from :

a Council for the Development of housing, the housing council or the development council, or the National housing commission of the relevant Home affairs department and the department of

development aid ;

a local authority ;

registered financial institution ; or

any other institution which is registered in terms of a parliamentary law and which grants bonds .

If there is any doubt as to whether a particular financial institution is registered, the register of financial institutions must be consulted.

5. Rules and procedures –

Calculation of allowances :

The maximum allowance is calculated in accordance with the basis, conditions and limitations set out in annexure A and B of this policy.

Acknowledged loan amounts:-

An employee's house loan allowance is determined by the Municipality on the amount of the registered bond.

The total amount or portion thereof of the registered bond which is supplied to acquire the property to be occupied by the employee or acquired to erect or to effect alterations including structural alterations thereto is for the purposes of this scheme the total acknowledgement loan amount, provided that where

applicable the maximum loan amounts will be determined in accordance with the proposed basis set out (Annexed as annexure A).

Upon the determination of the acknowledged loan amount which is to be applied to calculate the allowance in the following:

A determined registered loan amount or the total of registered loan amount if the employee had more than one loan on his property shall be regarded as the acknowledged loan amount if it is **applied** as contemplated in paragraph (a) ;

The amount of registered bond loans or portions thereof which is not applied for the purposes contemplated in sub-paragraph (a) of the registered bond loan or the total of the registered bond loans if the employee has more than one such loan, deducted.

The amount of registered bond loans or portion thereof which are not applied for the purposes set out in sub-paragraph (a) and by which an employee is penalised in respect of a particular property in terms of the amount order of the acknowledged loan amount which is applied to determine his allowance on such property, is not transferable in respect of properties which he may later acquire or erect.

6. Date from which the allowance is payable –

Employees who qualify :

On condition that an employee complies with the qualification requirements (and continues to comply therewith), an allowance can be paid to him on each salary payment date.

At the first appointment:

On condition that an employee complies with all the qualification requirements and he remains in compliance therewith, an allowance can be paid to him on all salary payment date after he has been appointed.

At the re-instatement of an allowance:

At the re-instatement of an allowance after payments been stopped for some or other reason the allowance is payable (every time on the salary payment date) commencing on the date upon which the employee qualifies for it.

7. Termination of allowances –

Except where stipulated differently in these determinations, a payment of the allowance is stopped from the date on which a disqualifying change arises.

Whenever an employee's services terminates for what ever reason and he remains complying with the qualification requirements, the allowance can be paid to him on his last salary pay date.

8. Allowance payment period –

The allowance is payable for redemption period which is applicable to the registered bond loan. This implies that each employee has a fixed allowance payment period which on a fixed date –

Has a commencement date, namely the date on which the first compulsory monthly payment is payable in terms of the bond loan ; and

Terminates on the date on which the bond terminates, provided that the allowance is payable for a maximum of 20 years for each employee

If an employee –

upon appointment applies for an allowance in respect of a property which he purchased or erected before his appointment ; or

whose allowance in respect of any particular property ceased for any particular reason and his/her circumstances changes so that he/she again qualifies for an allowance in respect of the same property ;

Is regarded that his/her date of appointment or the date upon which he/she again qualifies for an allowance, the commencement date of his/her allowance payment period.

Any adjustment by a bondholder of the redemption period (shortening or lengthening) which is provided for in the registered bond has accordingly an adjustment of the allowance period.

9. Acknowledgement of further or increased registered mortgages –

Read with the provisions of paragraph 6.1.2(a) and (b), an employee is considered for an increase in monthly allowances if he/she obtains a further or increased registered bond loan and he/she applies the proceeds thereof –

To effect any immovable improvements or alterations to the property which is occupied by him/her ; or

To settle any outstanding balance on a private loan which he/she has obtained to acquire the property in which he/she resides to purchase or to erect thereon or have it improved / altered.

A further registered loan, which is utilised for immovable alterations or improvements, will only qualify for an allowance at the earliest from the date on which the particular bond is registered.

It is expected from the employee to submit the necessary proof that the improvements / alterations have been completed fully in accordance with approved plans in respect of which a registered loan in paragraph (b) above has been granted within 3 months after date of registration thereof.

10. Acknowledgement of re-advances and re-instatement of existing registered mortgages

Allowances are calculated in accordance with acknowledged registered loan bonds pursuant to paragraph 5.1.2 (a) and (b). Consequently an employee who obtains a re-advance or a re-instatement (in other words actions which do not affect the amount or order of his/her standing registered bond loan amount), even though the funds are applied for recognised purposes are not taken into account for an increased monthly allowance.

If an employee obtains a re-advance or a re-instatement of his/her existing registered bond loan and his/her bondholder adjusting the bond period which is applicable to the loan, the allowance period will remain unchanged.

11. Onus on the participants in the allowance scheme –

An employee who applies for an allowance or is already receiving it must: substantiate his/her application with the necessary documentary proof;

should his/her allowance payment period be affected due to any alterations to his/her registered loan amount or at the lapsing of his/her allowance payment period he/she must report this and where necessary substantiate this with documentary proof ;make arrangements that his/her monthly instalment on his bond loan(s) be deducted by debit order from

his/her salary and that the amount is paid over to his/her bondholder(s);
and:

Once a year submit on demand a statement of account reflecting his/her yearly transactions in respect of his bond loan from his local municipality. A local municipality may in its own discretion stay a participator in the scheme's allowance should he/she persist in default to produce such statement of account on demand within reasonable period (i.e. three months).

12. Penalty determination and reimbursement / adjustment of the allowance –

If at a formal disciplinary investigation it should be found that an allowance is being paid to an employee who does not qualify for it, or that an allowance higher than that for which the employee qualifies is being paid, as a result of the fact that the employee deliberately provided incorrect information or withheld relevant information –

Payment of the allowance to him/her must be suspended from the first salary date after the above has been discovered;

The amount paid/overpaid must be recovered from the employee. If such amount is not registered in one sum, but by monthly payments, interest must be charged on the outstanding amount from the date on which the person is instructed in writing to repay the amount, at the rate determined from time to time for this purpose by the Minister of Finance ; and

He/she shall no longer qualify for an allowance by the Municipality.

13. Finalisation and qualifications –

The Council of the municipality or its delegate is qualified to determine the maximum allocations –

(a) To approve, disapprove or discontinue the payment of the allowances;

in individual circumstances to calculate and alter loan amounts, allowance amounts, allowance payment period, dates of commencement of allowances and dates of conclusion of allowance payments;

(b) To enforce penalisation and calculate penalties;

(c) To take any other action, which is, prescribed therein of which is in agreement therewith.

14. Control –

Control measures are the responsibility of the Finance Department.

15. Property in possession of a company, trust or juristic person –

No allowance is payable when an employee resides in a property which is registered in the name of a company, partnership, trust or juristic person.

When a property which was registered in the name of a deceased spouse's estate or in trust and it is clearly noted from the testamentary conditions that the surviving spouse, who is an employee in service, will acquire ownership of the property (for the example, as soon the deceased's estate has been wound up) and he upholds the monthly of the

bond loan –

It will be considered that he/she complies with the ownership requirements and an allowance can be paid to him/her should he/she comply with all the requirements; and

His/her allowance period – expiry date is the date on which the registered settlement date of the loan over the property expires.

ANNEXURE - A

Calculation of monthly allowance: home allowance scheme (R70 000 scheme).

The monthly allowance which can be paid to a person, represents the smallest of the following amounts:

R669 (or R611 in the case of a person to whom 2 below applies)

An amount calculated according to the following formula:

$A \times B / 100$ (rounded to the nearest higher Rand) where –

A – represents the person's acknowledged loan amount or the total of the acknowledged amounts as referred to in 2 below;

B – represents the factor 0,9543, or if applicable the factor referred to in 2 below.

An amount (rounded to the nearest higher Rand) calculated at the rate of 70% of the person's compulsory monthly capital and interest redemption which is paid by stop order to the mortgagee (i.e. the amount indicated by the person on his/her stop order as compulsory capital/interest redemption).

14. Possession of another dwelling which is either paid off or not paid off as yet:

If a person and, or his/her spouse owns, besides a dwelling that he/she occupies, another paid off or not paid off dwelling, the factor to be used in the calculation as indicated in 1.2 above is 0,8723 (representing B in the formula) and not 0,9543. Likewise, the percentage as stated in 1.3 above should no longer be 70%, but should be replaced by 68%.

15. Rules for the calculations of the allowance:

No allowance is payable with regard to a mortgage loan if interest is levied thereon at a rate of 3% or lower. The interest rate with regard to a mortgage loan should otherwise be left out for the calculation of the allowance according to 1 (one) above.

Although the redemption period then redemption period of the mortgage loan has direct influence on a person's allowance payment period (refer to paragraph 9 (a) in this regard), it should be ignored for the calculation of the monthly allowance.

The allowance that may be paid in respect of interest on the first/main mortgage before the first instalment is calculated as follows:

$A \times B =$ allowance on interest

Where

A – represents the monthly allowance that is payable in respect of the person's recognised loan amount; and

B – represents the actual number of days (maximum 30) in respect of which interest was imposed.

ANNEXURE B

Procedure for the calculation of subsidies for employees who receive their housing benefits in terms of the exclusion of 4 January 1991 (R50 000 scheme)

Employees in respect of a salary equal to or smaller than R66 682 per annum

When an employee qualifies for participation in the scheme his MAXIMUM monthly

subsidy shall be:

R477, 74 or

69% of his compulsory monthly capital and interest redemption

Namely the SMALLER of the two amounts.

The MAXIMUM subsidy on voluntary capital redemption shall be:

R238, 87 per month or 50% of the subsidy calculated under 1.1 (b)

Namely the SMALLER of the amounts, the subsidy may be paid at a rate of R6, 50 for the R10, and 00 of voluntary excess payment.

16. Employees in respect of a salary in excess of R66 682 per annum

When an employee qualifies for participation in the scheme his MAXIMUM monthly subsidy shall be:

R450, 04 or 65% of his compulsory monthly capital and interest redemption

Namely the SMALLER of the two amounts.

The MAXIMUM subsidy on voluntary redemption shall be:

R225, 02 or 50% of the subsidy calculated under 2.1 (b)

Namely the SMALLER of the two amounts, the subsidy may be paid at a rate of R6, 00 for every full R10, 00 of voluntary excess payment for registered mortgage amounts smaller than R20 001 and R6, 10 for every R10, 00 of voluntary excess payment for registered mortgage amounts equal to or larger than R20 001.

NB: These figures apply from 1 January 2000 and are based on an average interest rate of 16.23%. Amended figures will be sent out when interest rates change significantly.

17. Housing rental allowance

Housing rental allowances can be paid to all municipal employees who qualify to partake in the housing rental allowance scheme to an amount equal to 50% of the actual rental paid up to a maximum of R250-00 per month, subject to the following conditions :

A legal written contract between the employee and the landlord must be entered into and submitted to the employer;

Any form of subsidised housing will not qualify for the application of this benefit;

In the event of two or more employees sharing a house unit, only one allowance will be paid in respect of the monthly rental for such unit;

The housing rental allowance will be added to the salary/wages of the employee;

The property that has been rented must be situated within the borders of Ngwathe Municipality;

Any changes in the status of the employee regarding rental, should be reported to the human resources departmental without delay;

The employee shall submit a statement/proof of payment every 6 months.

Persons making use of private lodging qualify for housing assistance of R100-00 per month and the same prescriptions as in 1. (a) To (g) shall apply.

6. AUTHORITY

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

APPENDIX A