

## ANNEXURE Z

### HOUSING ALLOWANCE SCHEME RULES

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#### PART 1: GENERAL

##### 1. INTERPRETATION

1.1 Unless the context indicates, any word or expression to which a meaning has been assigned in this policy bears that meaning, and-

1.1.1 "immediate family", in respect of an employee means the employee's-

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- (a) spouse; and/or
- (b) dependent child(ren);

1.1.2 "spouse" means a person or persons registered with the Employer as the lawful husband or wife (wives) or life partner (including same sex life partner) by the employee at the time of use of the benefit, worker compensation or work facility: Provided that an employee: -

- (a) may register all spouses entered into under customary or indigenous law with the Employer;
- (b) may register only one life partner at a time with the Employer;  
*(Note: In terms of the registration of only 'one life partner at a time' employees should be aware that if a new domestic partnership is established, i.e. replacement of one registered life partner with another, the onus is on the employee to terminate the registration of the previous life partner and follow the registration process in respect of the new life partner.)*

(c) who has (a) spouse(s) registered with the Employer in terms of the recognition of Customary Marriages Act, 1998 and the Marriages Act, 1961, may not register a life partner with the Employer;

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#### PART 2: HOUSING ALLOWANCE SCHEME

##### 1. PURPOSE

1.1 The Housing Allowance Scheme is introduced to assist employees with their recurring (monthly) costs of their accommodation. The Housing Allowance is intended to assist employees to get access to owned and rented accommodation.

1.2 The Housing Allowance payable in terms of this Scheme is a monthly non-pensionable allowance.

##### 2. REQUIREMENTS FOR ACCESSING THE HOUSING ALLOWANCE

###### 2.1 ELIGIBILITY FOR EMPLOYEES

2.1.1 An employee appointed on a full time basis, i.e. permanent or on a fixed-term contract (temporary contractors are excluded) may receive a Housing Allowance if s/he meets the requirements regulating the payment of the said allowance.

2.1.2 The Housing Allowance shall be paid-

2.1.2.1 for **one home** only;

2.1.2.2 for **one spouse** only if both spouses are in the employ of a municipality, unless for operational reasons they are **stationed in different magisterial districts** and occupy and maintain **two separate homes**; and

2.1.2.3 to an employee should the spouse not be in receipt of any form of housing assistance.

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## 2.2 HOUSING TENURE

2.2.1 An employee could either own (hereafter referred to as a home owner) or rent (hereafter referred to as a tenant) a home to qualify for the Housing Allowance, provided that s/he meets all the other qualifying requirements set out in this determination.

### 2.2.2 Home Owner

2.2.2.1 The home in respect of which the employee applies for a Housing Allowance, must be registered in his/her name, whether alone or with his/her spouse. For this purpose the following tenure ships are recognised:

- (a) Title deed. Ownership could be outright or freehold ownership and title deed is obtained when the ownership of the home is transferred into the buyer's name by a conveyancer who prepares and submits the necessary documents to the Deeds Office, where the property is then formally registered in the buyer's name.
- (b) Permission to occupy State or Traditional Land (PTO). This category is de facto ownership in areas under the jurisdiction of traditional authorities, mainly in rural areas. A person obtains the permission from the traditional authority to utilise an allocated stand to construct a home on that stand. This permission is granted by means of the issuing of a PTO certificate. Different arrangements apply in the respective provinces.

### 2.2.3 Tenant

2.2.3.1 An employee applying for the Housing Allowance, as a tenant, must have a valid written rental agreement in his/her name for the home s/he is occupying.

2.2.3.2 Rental agreements related to the following circumstances are recognised for this purpose:

- (a) Occupational rent as part of a purchase of a home.
- (b) Renting from a private landlord.
- (c) Renting from municipalities.
- (d) Renting from family/friend(s) on condition that it is a separate unit.

2.2.4 A rental agreement between an employee and his/her spouse, who is the only registered titleholder to the home, to rent the home or part of the home that the employee and his/her spouse is occupying, is not recognised for purposes of the Housing Allowance Scheme.

## 2.3 OCCUPANCY OF THE HOME

2.3.1 The employee and/or her/his immediate family must occupy the home, in respect of which the Housing Allowance is paid, except if s/he or the immediate family cannot occupy the home temporarily for reasons beyond her/ his/their control.

2.3.2 In respect of employees who receive a housing allowance in terms of the Housing Allowance Scheme, immediate family

## 2.4 LOCATION OF THE HOME

The home in respect of which the employee receives the Housing Allowance subjected to clause 2.3 must be located within the borders of South Africa.

## 2.5 BOND/HOME LOAN REQUIREMENTS

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**Comment [J2]:** How to deal with divorced or permanently separated employees?

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An employee who wishes to access the Housing Allowance as a new home owner, must hold a bond/home loan at –

2.5.1 a registered bank or any other financial institution approved by the SALGBC.

2.5.2 the bond or rental repayments are to be paid via stop order on the employees salary

## 2.6 DOCUMENTARY PROOF

An employee, who wishes to access the Housing Allowance Scheme, must submit the prescribed documentary proofs with his/her application for a Housing Allowance. Failure to do so or submitting incomplete/invalid documentation may result in the delay/refusal of the application.

## 3. VALUE OF THE HOUSING ALLOWANCE

### 3.1 HOME OWNERS

3.1.1 The maximum value of the Housing Allowance is based upon a maximum bond of R85 000.

3.1.2 The South African Local Government will revise the maximum value of the Housing Allowance quarterly based on the weighed average interest rate levied by the five biggest financial institutions, as at the start of each quarter, i.e.:

3.1.3 The applicable maximum Housing Allowance is contained in the table at Annexure L.

### 3.2 TENANTS

3.2.1 An employee who meets the requirements are entitled to a housing allowance equals to 50% of the total rent up to a maximum of R250.

3.2.2 The maximum allowance will increase at the same rate as the annual percentage increase which is

Effective Date of Revised Housing Allowance per Quarter	Applicable Weighed Average Interest Rate as per Previous Quarter
1 January	1 October
1 April	1 January
1 July	1 April
1 October	1 July

agreed to from time to time by the parties to the SALGBC.

## 4. VALIDATION OF ELIGIBILITY FOR THE HOUSING ALLOWANCE

4.1 The decision-making process, whether to approve or decline an employee's application for a Housing Allowance, is supported by a simple validation process. This process comprise of two stages:

4.1.1 Stage 1: The documents are verified and contents checked against certain significant features attributed to the documents to be submitted with the employee's application.

4.1.2 Stage 2: The cross-checking of information across all the different documents, including the application.

4.2 The municipality may adapt these processes according to own internal administrative arrangements. In doing so it should be ensured that the activities described are carried out effectively and efficiently.

4.3 To expedite the decision-making process the municipality should authorise a designated employee, preferably at the level of Director or Deputy-director or their nominees in Corporate Services/the Human Resources Unit or the like to consider and approve applications for the Housing Allowance.

## 5. GENERAL MEASURES

5.1 An employee is obliged to notify Corporate Services/ the Human Resource Unit each time in writing of any changes that affects his/her eligibility for the Housing Allowance.

5.2 If an employee sells her/his home or terminates her/his rental agreement on her/his home, the payment of the Housing Allowance will stop. The employee may re-apply for the Housing Allowance on the new home s/he purchases or rents.

5.3 If an employee fails to inform the Human Resources Unit of any changes affecting his/her eligibility of the Housing Allowance, the Human Resources Unit shall immediately stop the Housing Allowance and recover the monies, which have been over-paid. The Human Resources Unit should consider instituting the disciplinary process, if necessary.

## 6. QUALIFYING AND END DATE

6.1.1 An employee shall start to receive his/her Housing Allowance on the employee's pay date in the month s/he has submitted her/his signed application, including the correct documentary proof required.

6.1.2 The employee's Housing Allowance will stop on the employee's pay date in the month that s/he no longer meets the requirements of the Housing Allowance Scheme.

## 7. CALCULATION OF FORMULA OF THE HOME OWNER ALLOWANCE AMOUNTS

1.1 Calculation of the weighed average interest rate:

2.1.1 Multiply the amount spent on mortgage loans of each of the five biggest financial institutions by its own prevailing interest rate and get the sum total eg. Standard Bank spends 7 149 339 000 on mortgage loans at the rate of 19% interest = 1 358 374 410.

2.1.2 Calculate the sum total of the amount spent on mortgage loans by each of the five institutions.

2.1.3 Divide the sum total of the interest rate mortgage loans in (i) above by the sum total of the amounts spent on mortgage loans as calculated in (ii) above.

2.1.4 Multiply the answer in (iii) above by 100 to find the percentage. (The weighed average interest rate is usually determined with the help of Lotus.)

2.2 Calculation of the formula of the table at Schedule A:

2.2.1 Fill in the weighed average interest rate obtained in column B opposite the appropriate adjustment date.

2.2.2 Calculate C by determining the monthly payment of a mortgage of R100 at the calculated weighed average interest rate over a term of 30 years. This can be done by using a business/financial calculator (eg. Sharp EL 533, EL 5102 or EL 735).

2.2.3 Column D is calculated precisely with the same method, but at the weighed average interest rate 1% eg.: The weighed average interest rate is 19,10% - 1 % = 18,10%.

2.2.4 Column E = (Column C - 0,4218) / Column C.

2.2.5 Column F = (Column D - 0,4216) / Column D.

2.2.6 Column G = Column C x Column E (set the calculator on 4 decimals).

2.2.7 Column H = Column D x Column F (set the calculator on 4 decimals).

2.2.8 Column I = Maximum home owner allowance limit (presently R85 000) x Column G / 100.

2.2.9 Column J = Maximum home owner allowance limit (presently R85 000) x Column H / 100.

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**HOUSING ALLOWANCE APPLICATION FORM FOR HOME OWNERS**

**HOUSING SUBSIDY - GENERAL INFORMATION**

1. The homeowner's allowance will cease after expiry of the original term of redemption.
2. If the homeowner's allowance is linked to the compulsory instalment the allowance may decrease should interest rates drop.

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3. No homeowner's allowance is paid on an additional payment.
4. Any change in respect of the registered loan amount, term of redemption or compulsory instalment must be reported to the Personnel Services Department and verified with documentation.

The following documents **must** accompany your application:

1. Water and electricity account of property in respect of which a subsidy is applied for.
2. Letter from building society or pension fund indicating the instalment and mortgage bond.
3. Letter from an attorney indicating the following:
  - (a) Purchase price of the property.
  - (b) Date on which the property was registered in your name.
4. Affidavit from husband/wife to confirm that he/she receives no subsidy.
5. Receipts of instalment/interest paid directly to the building society.
6. Final settlement statement from building society or pension fund in respect of previous mortgage bond for which a subsidy was received.
7. All statements received from the attorneys relating to the purchase and sale transactions.

**APPLICATION FOR HOMEOWNER'S ALLOWANCE**

**MUST BE COMPLETED BY THE OFFICIAL**

**(NB: IF THIS APPLICATION FORM IS INCOMPLETE IN ANY RESPECT, OR IF ANY OF THE REQUIRED DOCUMENTS HAVE NOT BEEN ATTACHED, NO HOMEOWNER'S ALLOWANCE WILL BE PAID TO YOU)**

1. **PERSONAL PARTICULARS**

Full name: \_\_\_\_\_

Pay number: \_\_\_\_\_

Identity number: \_\_\_\_\_

Tel (W): \_\_\_\_\_

Cell: \_\_\_\_\_

Marital status: \_\_\_\_\_

Sex: \_\_\_\_\_

Does your husband/wife receive any form of housing aid from his/her employer?

If "yes", state the amount per month

Who is his/her employer? \_\_\_\_\_ Tel

2. **PARTICULARS IN RESPECT OF WHICH A HOMEOWNER'S ALLOWANCE IS APPLIED FOR**

Street name and number: \_\_\_\_\_

Flat name and number: \_\_\_\_\_

Suburb: \_\_\_\_\_

City/Town: \_\_\_\_\_

Are you leasing the dwelling/property or a portion thereof

If "yes", state the amount per month

Purchase price of property: R\_\_\_\_\_

3. **PARTICULARS OF ANOTHER DWELLING/OTHER DWELLINGS REGISTERED IN YOUR OR YOUR HUSBAND/WIFE'S NAME**

(Indicate that which is applicable with an X)

My husband/wife and/or I do <b>NOT</b> own another dwelling which has been paid in full/has not yet been paid in full and in respect of which he/she/I previously received a subsidy/homeowner's allowance.	
My husband/wife and/or I <b>DO</b> own another dwelling which has been paid in full/has not yet been paid in full and in respect of which he/she/I previously received a subsidy/homeowner's allowance.	
My husband/wife and/or I <b>DID NOT</b> previously sell another dwelling which belonged to him/her/us/me and in respect of which he/she/I received a subsidy/homeowner's allowance.	
My husband/wife and/or I <b>DID</b> previously sell for the sum of R_____ another dwelling which belonged to him/her/us/me in respect of which he/she/I received a subsidy.	

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Date on which you vacated the house sold:

Date since which you have been occupying the new property

Did you previously receive a subsidy/homeowner's allowance from another local government?

If "yes", until what time and from whom?

If "yes", where was the property situated?

4. **UNDERTAKINGS AND DECLARATION**

(a) If my application for a homeowner's allowance is approved, I undertake to inform my employing department immediately in writing if any change takes place with regard to -

- (i) my own or my dependants' personal circumstances; or
- (ii) the mortgage loan(s) or the dwelling with regard to which I will receive a homeowner's allowance; or
- (iii) the other dwelling referred to in paragraph 3 (if relevant) which may have an influence on my homeowner's allowance or my term of redemption.

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- (b) I understand and accept that if at any time it should be established that the homeowner's allowance is being paid to me while I do not qualify for it, or if the homeowner's allowance has been paid to me for a period longer than that for which I have qualified, because I, at the time of completing this form or at any other later stage, deliberately furnished wrong information or kept back relevant information-
- (i) payment of the homeowner's allowance to me will be suspended immediately;
  - (ii) the homeowner's allowance paid in excess will be recovered from me, together with interest thereon at a rate determined by the Council; and
  - (iii) Only in extremely extraordinary circumstances will I be considered again for a homeowner's allowance.
- (c) I understand and accept that if the amount of any homeowner's allowance which may be paid to me appears to be wrong as a result of incorrect application of Consolidated Circular 1/91 (as amended from time to time by the Board on Remuneration and Service Benefits of Town Clerks), or wrong information given by the bondholder in the documents referred to, the mistake will be rectified immediately and any amount which as a result of such a mistake-
- (i) was paid in excess will be recovered from me without interest; or
  - (ii) was paid short will be paid to me without interest.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 200

\_\_\_\_\_  
SIGNATURE OF APPLICANT

\_\_\_\_\_  
DATE

**STOP ORDER**  
**(IN RESPECT OF HOUSING LOAN)<sub>mc</sub>**

I, the undersigned:

- (a) Fullname: .....
- (b) Surname: .....
- (c) Pay number: .....
- (d) Designation: .....
- (e) ID number: .....
- (f) Tel no: .....

Hereby authorize the General Manager: Human Resources to deduct the amount of;

- (1) Compulsory Instalment (capital and interest) R.....
  - (2) Monthly voluntary fixed payment over and above (1) R.....
  - (3) Insurance R.....
- TOTAL R.....

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Monthly from my salary, and to pay it over to the financial Institution namely;

- Bank's name .....
- Branch code: .....
- Account number: .....
- With effect from .....

From whom I have obtained a housing loan, until such time that the said bondholder cancel his/her stop order in writing or substitute a new stop order to replace the current one.

**SIGNED AT** ..... **ON THIS** ..... **DAY OF** .....**200**

.....  
**SIGNATURE**

**APPLICATION FOR HOUSING ALLOWANCE**

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NAME: ..... PAY NO: .....  
 DESIGNATION: ..... DEPARTMENT: .....  
 DATE OF APPOINTMENT: ..... TEL/CELL: .....

MARITAL STATUS

MARRIED	UNMARRIED	WIDOW	WIDOWER	DIVORCED
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ADDRESS OF PROPERTY: .....  
 NAME OF THE OWNER/LEASING AGENT: .....

IF MUNICIPALITY'S PROPERTY DO YOU OFFICIALLY OCCUPY IT:

YES	NO
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MONTHLY RENTAL: ..... COMMENCING ON: .....

REMARKS: .....

DO YOU PRESENTLY RECEIVE HOUSING ALLOWANCE: .....

IF YES, HOW MUCH PER MONTH: R.....

I the undersigned, hereby declare that the foregoing information is true and correct, and undertake to immediately notify:

- the General Manager: Human Resources of any changes;
- my address.
- when my existing lease contract expires, to supply him with a new lease contract.
- if there is any change in my monthly rental (proof of change and the latest receipt must be submitted).

**NB: Penalty and withdrawal of the housing allowance**

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If it is discovered that a housing allowance is paid to an employee who does not qualify for or whereby a higher housing allowance is paid to the employee than what he/she is qualifying for, as a result of giving wrong information or withholding relevant information:

- (i) payment of the housing allowance shall immediately be discontinued;
- (ii) the overpaid amount together with interest rate determined by the Municipality shall be recovered from the employee; and
- (iii) future applications will only be considered in exceptional cases.

.....  
 SIGNATURE DATE

- Attached copies of:
- Signed lease contract or declaration by both parties/proof of occupation
  - Latest rental receipt/occupation lease.
  - Latest water and lights account/water and lights deposit.
  - Identity document.

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