

Staircasing your Shared Ownership Home

What is staircasing?

Staircasing is the term for given for increasing the share you own of your property. You may choose to buy some of the remaining shares in your home, known as partial staircasing, or if your lease allows, you may choose to buy all the remaining shares in your home, known as final staircasing.

The initial share purchased is listed in your lease, however this may not be the same as your current share due to previous staircasing. The Council can advise on what the current share you own is if you are unsure.

Your lease will stipulate the size of additional shares you can purchase. The Council are happy to help clarify this for you if you are unsure.

Before notifying us of your intention to staircase, we recommend that you:

- Consider what option you will use to finance the transaction (for example, remortgage).
- Obtain quotes for a solicitor to carry out the legal process for you.

This guide is designed to help you understand the process of staircasing and does not apply to 1% staircasing which is allowable in some leases only.

The Leasehold Advisory Service (LEASE)

LEASE provides free initial advice to members of the public on residential leasehold matters, which includes Shared Ownership. You may wish to contact them for independent advice on any query you have about your property.

What are the potential benefits of staircasing?

- Increased equity
- Reduced rent
- Full ownership (If the lease allows)

What are the costs of staircasing?

As well as the actual cost of purchasing increased shared, you are likely to incur costs such as:

- Valuation fee (estimated at £350 + VAT)
- Solicitor's fee
- Council's administration fee (currently £167 + VAT)
- Stamp Duty (if applicable)

How much will a share cost?

Shares are valued based on the current market value of the property.

The Council will arrange for an independent valuation to be carried out by a RICS (Royal Institution of Chartered Surveyors) approved valuer, the value of the share you wish to purchase is then calculated from this value.

The cost of the valuation is paid by you at the end of the staircasing process.

The valuation will be based on current market value and is normally valid for three months. There must be a valid current valuation in place when the transaction completes.

Will improvements change the value?

If you have advised us on the application form that you have made improvements to your home, the Council may ask the valuer to disregard the improvements and provide a valuation based on the market value had the improvements not been undertaken.

An improvement is something that might add to your property's value rather than something that is being replaced or repaired. The Council will check to ensure that any improvements to your property have received consent as required by your lease.

If you have not kept the property in good order, as is required by your lease, the valuation will be based on the market value as if it had been.

How much will my rent be after I staircase?

Your rent is set in accordance with the amount of un-owned equity and is based on the market value of your property when it was first sold including any annual rent increases, not the value of your property when staircasing.

The rent you pay after staircasing will reduce proportionately in line with the share you are purchasing. The reduced rent will start from the date of completion of the purchase of new shares.

As an example, if you initially bought a 30% share in 2022 and you wish to buy a further 20% in 2024, increasing your total share to 50%, your rent would reduce as follows assuming a previous annual rent increase of 4%:

Initial purchase in 2022

Initial full market valuation = £250,000

Initial purchase value = £75,000 (30%)

Staircasing in 2024

Staircasing full market valuation = £265,000

Staircasing purchase value = £53,000 (20%)

Monthly rent in 2022 = £401.04

Monthly rent in 2023 = £417.08

Monthly rent in 2024 = £297.92 (after staircasing to 50%)

Can I purchase the freehold?

Whether you can buy the freehold depends on the type of property you have and what is contained in the lease.

If your property is a house, the freehold will usually transfer to you when you have purchased 100% of the property. You may still have to pay a service charge to the Council or estate management company if you live on an estate and are responsible for some of the communal costs.

If your property is a flat, you will remain a leaseholder and the Council will continue to be your landlord. You will continue to pay service charges for things like buildings insurance, cleaning and maintenance of common parts, and repairs to the structure and common parts of your block.

How do I staircase?

1. Notify us of your intention to staircase:

You will need to notify the Council that you wish to purchase more shares of your shared ownership home by completing the "Staircasing Application Form". Please contact us for a copy of this form or download a copy from our website.

The form asks you to confirm details about your property, the share you wish to purchase and details of any improvements you have made to the property.

Please send your completed application form by post or email to:

Shared Ownership Sales - Babergh & Mid Suffolk District Councils
Endeavour House, 8 Russell Road, Ipswich, IP1 2BX

sharedownershipsales@babermidsuffolk.gov.uk

2. Application review:

We will acknowledge receipt of your completed staircasing application form and make the following checks:

- Check your lease to confirm the staircasing entitlement,
- Check your eligibility (for example, you must not have any rent or service charge arrears).
- Check consent of any alternations or improvements noted.

If we have any questions about your application, we will contact you to discuss these.

3. Valuation of your property:

If your application to staircase is accepted, we will confirm this to you in writing and we will then instruct a surveyor to carry out a valuation of your property.

The surveyor may need to visit your property in person to carry out their valuation, we will contact you if a visit is required.

4. Notice of offer the legal process:

Once the value has been received, we will provide you with a 'staircasing notice of offer'. This document confirms the shares to be purchased, the purchase price, how this has been calculated and any other relevant information.

You will now need to confirm to the Council in writing that you either:

- A) wish to proceed with your purchase of the additional shares in the property, or
- B) are withdrawing your application.

If you wish to proceed, you will now need to provide proof of funds for purchase, this can be a copy of your mortgage offer or agreement in principle, or proof of your savings.

If you withdraw your application, you will still be liable for the cost of the valuation.

Once the Council have received your written confirmation that you wish to proceed, you can now instruct your solicitor and the legal process of updating the lease to confirm your new shares will begin.

The Council's legal team will pass on all relevant information to your solicitor directly. The legal process can take 6-10 weeks to complete.

This leaflet is for information and guidance only. It is not legally binding and does not replace your lease agreement, which sets out in full the legal terms and conditions with Babergh or Mid Suffolk District Council.