



Shared Ownership - Staircasing



What is staircasing?

Staircasing is when you buy additional shares in your home. Usually, you can staircase up to 100% and own your home outright*.

There is no obligation to staircase, you can stick with the original share level you first bought. If you do decide you'd like to staircase, you can do it gradually over time or staircase straight to 100%.

* Please note some shared ownership leases have a clause which means you can not staircase to 100%. This will have been clearly explained before you bought your home.



What are the benefits of staircasing?

- The more shares that you buy in your home, the less rent you pay. If you staircase to 100%, you will not pay any rent.
- You are building up equity in your home – staircasing is an investment. If the value of your home increases, you will have a bigger share of the increase in value. (It is important to remember that property values can also go down).
- If you staircase to 100% ownership, you can sell your home when you want, without any restrictions and you can sell for whatever price you choose and keep the full proceeds from the sale.
- If you own a house and staircase to 100%, you will usually become the freeholder.

How big a share can I buy?

The minimum share that can be bought is usually 10%.
The maximum share that can be bought, is usually the outstanding amount that will take your ownership to 100%.

What happens if I have made improvements to my home?

If you have made significant home improvements, such as building an extension or a conservatory, and you believe the value of your home could have increased as a direct result of the specific improvements, you should disclose this upfront so it can be considered as part of the RICS valuation.

You will need to ask your valuer to provide two valuations – their qualified opinion of the value of your home with and without the benefit of the improvements. If the improvements have directly impacted the value, you won't be asked to pay extra for the additional value.



Anything else I should know?

- All legal owners of the property will need to sign a consent form in order to proceed with staircasing.
- Staircasing can only take place if your rent and service charge account is up to date. If there are arrears, you will need to clear these before proceeding.
- Even when you staircase to 100% ownership, there can still be a service charge payable on your home. This will always apply to apartments, but in some cases it can also apply to houses. If the property is part of a development that has communal areas, which need to be maintained.
- In some cases a ground rent may become payable when you staircase to 100%.



How do I staircase?

These simple steps will help you get started and navigate the process:-

1 Give us a call

Firstly, you need to contact Saffron Housing Trust and let us know you are interested in staircasing.

We will check there are no restrictions that could affect you staircasing. We will check your lease, the original planning approval for the home and also check there are no rent or service charge arrears on your account.

We will also check the share percentage that you currently own.

2 Getting your home valued

You will need to instruct a local RICS (Royal Institute of Chartered Surveyors) valuer and pay for the valuation of your home.

We will provide you with the contact details of a local RICS valuer. You will need to arrange a convenient time for the valuer to visit and inspect your home. You will need to make arrangements to pay the valuer directly for the valuation.

If you have made significant improvements to your home, now is the time to tell your valuer.

If you have carried out home improvements, you must ensure you had the appropriate authorisation from us, as per the terms of your lease. If not, consent will be required retrospectively before staircasing can proceed.

It is important to understand that a RICS valuation is usually only valid for a period of 3 months. When it expires, your valuer may

be willing to extend it for a further period or they may say there is a further cost to provide a new valuation. If you do not complete your staircasing transaction within the 3 months, there is a possibility that the value of your home could have increased, and a new valuation may mean you have to pay more for the staircasing transaction. It is important to try and be as organised as you can, to complete the transaction quickly.

3 Arrange your funding

If you are intending to fund the staircasing transaction with a new mortgage or by extending your current mortgage – you should be exploring financial advice and consider the options available to you, to secure a lending offer in principle.

At this stage you will not know the exact value of your home, but you can look at the cost of similar properties in the area, to give you a feel for the likely cost of staircasing.

You should include the cost of any stamp duty in your calculations, along with legal fees.

We can give you the contact details of a financial advisor that we know is familiar with Shared Ownership. Or you can use any broker that you wish or choose to deal with a bank or building society directly.

4 Choose your solicitor

You will need to instruct a solicitor to oversee the legal aspects of the staircasing process for you. We can give you the contact details of solicitors who are familiar with staircasing.

You will need to pay your solicitors legal fees and also our legal fees.

We highly recommend you use a solicitor who understands Shared Ownership and staircasing – it will make the process a lot smoother and usually quicker for you.

5 We will confirm the cost of staircasing

You should share the valuation with us, when you receive it.

We will review it and check we agree with the valuation and the valuer has not identified any issues with the property. If we are all happy with the valuation, we can confirm the cost of the staircasing transaction to you for the share percentage you would like to buy.

6 Instruct your solicitor

You can now formally instruct your solicitor to act on your behalf and confirm to us which solicitor you have chosen.

7 Finalise your lending arrangements

Now you know the actual cost of the staircasing transaction (sometimes called the premium, that you will pay), you will need to finalise your mortgage arrangements if you intend using a mortgage.

Your lender will want to do their own valuation of your home and will contact you to book a survey to take place. You need to keep your mortgage application on track so all the arrangements are in place.

8 Final consent you wish to proceed

We will send you a staircasing consent form to complete.

By completing and signing the form you are confirming:-

- You agree to the RICS valuation of your home
- You agree to any value associated with home improvements
- You agree to pay our legal costs
- You agree to pay our admin fee
- You have provided details of your solicitor
- All legal owners of the home are signing to give consent to proceed.

9 We will instruct our solicitor

Once we have received your signed consent form, we will instruct our solicitor to act for us. Our solicitor will contact your solicitor to start the legal aspects of the staircasing transaction.

We will confirm to our solicitor the valuation of your home and the cost of the additional share you wish to buy. Also, a recalculation of the new rent amount to be paid each month, if still applicable.

10 Completing the staircasing transaction

Our solicitor and your solicitor will oversee all aspects of the transaction. The funds you are using to pay for the additional share, will need to be transferred to your solicitor either directly by you or by your lender.

We will adjust your rent and any changes to your service charge if applicable.

When your funds have been received, your solicitor will confirm the transaction has completed and you will own a new share in your home.



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