Eden Housing Association

A Guide to Shared Ownership Staircasing

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This guide gives you an outline of what to consider along with an indication of the costs and timescales involved with increasing the percentage ownership of your home.

The guide also includes the form you'll need to begin the process.
Please read this information carefully.

What is staircasing?

Staircasing is the process of buying greater shares of your property, up to 100% ownership if your lease will allow.

As a shared owner you pay rent on the percentage of the home you do not own. So, if you own 25% of your home, you will pay rent on the other 75% of the property. By staircasing you increase the share percentage you own so, your rent will go down.

There can be restrictions in your lease that mean you might need to have been the property owner for some time before you can buy more shares, some leases state you must buy a certain number of shares as a minimum, or some leases don't allow for staircasing to 100% ownership. We will check your lease and let you know of any restrictions as part of the process.

Before you start

Before starting the process of staircasing it is worth knowing how much any additional shares might cost. Try getting a rough guide to the current market value of your property by an online search or a local estate agent that might be willing to advise you of the current property value at no cost to you.

To calculate what it will cost you to buy additional shares, divide the property value by 100 and then multiply by the number of % shares you want to purchase. As an example, if your property is valued at £100,000, the property value divided by 100 is £1,000 so the premium for 10% shares will be £10,000 (10 x £1,000).

We recommend you take independent legal and financial advice about what is involved and how to proceed.

General advice and information is available free of charge from the Leasehold Advisory Service – www.lease-advice.org

Do you need a solicitor for staircasing transactions?

Staircasing counts as a property transaction. There are various legal considerations so, you would typically employ a conveyancing solicitor to handle your staircasing transactions.

(Note that some leases allow for 1% staircasing year on year and you do not usually require a solicitor for 1% staircasing transactions, however you are free to use one).

How long does staircasing take?

The process of staircasing usually takes between one and three months. The length of time it would take you to staircase your way to full 100% ownership would depend on the terms of your lease, and your ability to raise the funds to buy extra shares in your property.

How much will the additional share cost?

The property is valued each time you apply to buy an extra share. As a result, the amount of money needed to buy shares will change according to the value of the property at the time.

How much does staircasing cost?

As well as the premium cost for the share you wish to buy, there are additional costs to staircasing. These include your conveyancing and solicitor fees, any stamp duty payable and any fees for your new mortgage.

The premium payable for the shares will be dependent on the property value as determined by the Royal Institution of Chartered Surveyors (RICS) independent valuer.

EHA requires payment of a non-returnable administration charge of £X to start the process, plus the cost of the valuation survey for the property of £X (£X + VAT), which is also non-returnable.

You may instruct an independent valuer of your own choice. This will usually be acceptable so long as the valuer is a member of the Royal institution of Chartered Surveyors (RICS).

The valuation report will be valid for three months. If the staircasing process doesn't complete within three months, you will be responsible for the cost of extending the valuation.

Will I own the freehold?

If you buy all the available shares to the maximum 100%, then you will usually have the freehold transferred to you. If there are restrictions in your lease that mean you will not own the freehold, we will tell you this at the beginning of the process.

Administration charge

There is a non-refundable charge of £X, this covers:

- Arranging and/or assessing the valuation report and providing written confirmation of the premium payable
- Aadministrating your EHA account
- Coordinating with solicitors over documentation required for the staircasing

Legal fee

You will be responsible for paying your legal fees, and those of EHA.

EHA Legal Fees are as follows:

- Interim Staircasing and Memorandum of Sale - £X + VAT
- Final / Full Staircasing to 100% ownership and Freehold Transfer - £X + VAT

Abortive Costs

Abortive costs are payable if you withdraw from the process at any stage before the sale of the shares is completed. We will invoice you for all work completed up to the point you withdrew.

Copy Land Registry documentation

There are administration charges for EHA providing any copy Title documents held at the Land Registry, including the lease.

Your mortgage lender or solicitor might have a copy of your lease they will provide at no cost. Alternatively, you can download a copy from the Land Registry for a small fee from HM Land Registry - GOV.UK (www.gov.uk)

Will you pay stamp duty on staircasing transactions?

If you buy additional shares in a shared ownership property after the initial transaction, you do not pay stamp duty until you have 80% or more ownership of the property. Once you own 80% or more of the property, you will need to pay stamp duty on the transaction that took you over 80% ownership and any further transactions. Your solicitor should do this for you.

Five steps to your staircasing

Step one: You tell us you are going ahead with the staircasing

We will invoice you for payment of the non-returnable administration charge of £X to start the process, plus the cost of the valuation survey for the property which is £X (£X + VAT). Once we have the payment, we will instruct the independent valuers to contact you. They will make direct contact with you and arrange to value your property.

You will also need to provide us with details of your solicitor.

You may choose to instruct a Valuer yourself, but they must be a member of the Royal institution of Chartered Surveyors (RICS).

Step two: Valuation

The valuation must be carried out by a Royal Institution of Chartered Surveyors (RICS) qualified surveyor. Once we have the valuation report we will provide you written confirmation of the premium to buy the additional shares and confirm any further steps.

A valuation report is valid for 3 months, if the staircasing does not complete during this time a new valuation might be required. You are also responsible for this cost.

Step three: Offer accepted

When you confirm acceptance of the premium valuation for the further share, we will instruct a solicitor appointed by EHA to contact your solicitor.

Note that you will be required to pay EHA of £X + VAT for interim staircasing that takes your ownership to less than 100%, or £X + VAT for final staircasing and transfer of the freehold. These fees will be due for payment on completion of the sale.

You should keep in regular contact with your legal representative to make sure that the sale progresses as smoothly as possible.

Step four: Completion

For the transaction to complete, your rent payment account including any service charges should be up to date and free from any arrears.

Once the staircasing is completed and your solicitor has transferred all funds, your rent will be amended from the completion date. We will amend your direct debit payment if you use this method of payment for your rent.

Step five: Update Land Registry

The final step is for your solicitor to inform the Land Registry of any changes to your ownership and that you now hold the freehold if applicable.

Intention of Staircasing

Please send a scanned copy (or a photo) of this completed and signed form to EHA.

Names of all Leaseholders	1.	
	2.	
Full property address		
Home number		
Mobile number		
Email address		

% shares to be purchased

	%

Solicitor details

Correspondence address	
Office number	
Email address	

Declaration and Signatures

- [ ] I/We are aware that if we withdraw from the process before completions of the sale of my property, we will have to pay any abortive costs.
- [ ] I/We have been advised to seek independent professional/legal advice for the staircasing purchase.
- [ ] I/We are happy for EHA to arrange for the valuation to be carried out and to share our contact information with a third-party valuer as is relevant to the staircasing process.

Please add details of any consented improvements or alterations, that have impacted on the value of the property

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Signature of all leaseholders

Signature 1.
Date

Signature 2.
Date