

Staircasing

If you own a share in your home (that is, you are a shared owner), you may be eligible to buy additional shares to increase your equity – this is known as staircasing. The information in this leaflet explains how to staircase, how the value of the property is calculated and how long the process is likely to take.

Can you staircase?

The terms of your lease will state the way in which you can increase your equity in your current home. In most cases staircasing can take place three to 12 months after your initial purchase with a minimum share being 10%. There may be a limit on how much you can purchase in total and you may be unable to staircase up to full ownership (100%) of the property. If you wish to staircase, you must advise us in writing. If you own your home jointly both owners must sign the letter.

Financing your staircasing purchase

Having decided that you wish to increase your share of your property you must decide how you are going to finance it.

It is likely that you will need a further mortgage advance from your lender, therefore it is best to speak directly to them to get a reasonable idea of whether this is achievable. You must also make sure:

- Your rent and service charge account is up to date;
- Both owners agree to staircasing (if you own your share jointly with another person).

When you staircase and increase ownership of your home your monthly rent payments will reduce. However, service charges will remain the same (unless you live in a house and purchase 100% of the property - this is known as final staircasing and is explained in more detail further on in this leaflet).

We will need to obtain an up to date valuation of your property, which will be carried out by an independent R.I.C.S (Royal Institute of Chartered Surveyors) valuer. Shared ownership leases specify that valuation reports are acquired in this way to ensure fairness and impartiality. The valuation will cost approximately £150 + VAT and the property will be valued at current market value.

You should consider all the costs, which may be involved in this process. These will include valuation fees and solicitor's fees. You must pay for the cost of the valuation even if you change your mind about buying once we notify you of the purchase price. A further valuation fee may also be payable to your lender as they may wish to revalue the property to arrange a mortgage advance.

Home improvements

We are not allowed to benefit financially from any significant improvements you have made. The terms of your lease specify that these must be valued separately and they will be disregarded when setting the price of the share you wish to buy. The valuer will take into account any structural alterations you have made, for example, addition of a garage or conservatory. General maintenance works such as redecoration, flooring or

gardening are not classified as improvements. This is best demonstrated by the example below:

100% value of the property = £150,000

Value of your improvements = £10,000

Total current market value = £160,000

If you own 50% (£75,000 – excluding the value of your improvements) you would be able to buy the remaining 50% at the current market valuation (£75,000 – less the value of your improvements). You do not pay any of the enhanced value.

How long will it take?

We will instruct a valuer within 14 days of receipt of your staircasing request and payment for the valuation.

Once we have received the valuation report we will notify you of the price you must pay for the additional shares and your new monthly rent amount (if any) within 14 days. If you decide to go ahead you must let us know the name and contact details of the solicitor that will be acting for you. Our solicitor will then be instructed and will contact your solicitor directly to complete the transaction at the agreed price.

The process should take approximately eight weeks; however the valuation is only valid for a period of three months. If you do not complete your purchase within this timescale, it will be

necessary to have another valuation or a confirmation that the valuation is still correct. There may be an additional charge if a new valuation is required.

Final staircasing

If your property is a flat or maisonette, and you have purchased 100% of the shares, you will still own the leasehold interest and we (or in some cases another company) will own the freehold. You will no longer have to pay rent but you will still be liable for payment of service charges to cover communal services and building insurance.

If your property is a house, and you have purchased 100% of the shares, you will have the right to give notice to us to acquire the freehold of the property for no further charge. You will no longer have to pay rent and very rarely will there be any service charges. In this case you will need to arrange your own buildings insurance from the completion date. Your solicitor should advise you on the terms of your individual lease.

Staircasing terms are contained in your lease. You should always seek your own legal advice.

Please contact us if you would like a copy of this document in large print, British Sign Language DVD, on CD or in another language.

Przewodnik na temat stopniowego wykupywania udziałów (staircasing)
Proszę się z nami skontaktować jeśli pragnęliby Państwo copię tego dokumentu dużym drukiem, na DVD w Brytyjskim Języku Migowym, w innym języku albo na płycie audio (CD). (Polish)

有關共有股權住房之股權增額的指南
有關共有股權住房之股權增額的指南指引。倘若您需要本檔以大字體、英式手語DVD、另外一種語言或音頻 (CD) 格式提供，請聯絡我們。(Cantonese)

Paylaşımli Ev Sahipliği rehberi
Lütfen bu belgenin büyük baskılı hali, İngilizce DVD veya farklı dillerde ya da ses (CD) ortamı gibi talepleriniz olması durumunda bizimle irtibata geçin. (Turkish)

ষ্টেয়ারকেসিং (অংশীদারী মালিকানার সম্পত্তিতে বাড়তি অংশ কেনা)-র নির্দেশিকা
আপনি যদি এই নথিটির একটি কপি বড় প্রিন্টে, ব্রিটিশ সাইন ল্যাঙ্গুয়েজ ডিভিডিভে বা অডিও (সিডি) ফরম্যাটে পেতে চান, অনুগ্রহ করে, আমাদের সাথে যোগাযোগ করুন। (Bengali)

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Staircasing

A guide to purchasing additional shares in your home

COMMUNITIES • HOMES • PEOPLE