

S staircasing Information Pack



This guide is designed to assist you as a Shared Owner in understanding how you can increase the share you own in your property.

What is Staircasing?

If you bought your home through Shared Ownership, you are able to purchase further shares in the property when it is affordable to do so. Staircasing allows you to increase your equity share and will reduce the amount of rent you pay monthly. You can staircase a minimum of 10%, and dependent on the terms of your lease can own up to 100% of your home.

How does it work? What's involved?

The price you pay will be based on the current market value of your home. Because property values go up and down, the price of any further shares is unlikely to match the original purchase price.

Before you make a formal application to Staircase, you should get an idea of how much extra you will have to borrow, based on local values. You should then speak to your current mortgage lender to discuss extending your current loan, or you may choose to contact a specialist mortgage broker* who will provide you with a free financial assessment, before searching across a number of lenders who specialise in Shared Ownership mortgages to find the right mortgage for you. In either case,

you will need advice about the extra costs involved, which will include mortgage set-up costs, valuation and legal fees, and in some cases Stamp Duty Land Tax.

If you owe us rent or service charges, you must pay these in full before we will allow you to complete your purchase.

*Within the back of this information pack we have provided a panel of independent specialist mortgage brokers. The specialist mortgage broker will provide a full financial assessment free of charge. A fee is only payable where a suitable mortgage product is found for you.

How much can I own? What you can buy:

Your lease will tell you how much of your home you can eventually own and the percentage increments you are able to purchase. Some homes in rural areas do not allow Staircasing to 100% and some leases specify a minimum percentage you can purchase at one time.

When deciding how much you want to purchase, bear in mind that each transaction will attract legal and other fees, so our advice would be to purchase as much equity as you can afford each time.

The Process:

Step 1 - Valuation:

To begin the Staircasing process you will need to appoint a qualified member of the Royal Institute of Chartered Surveyors (RICS) to provide you with an independent valuation of your home. We will use this valuation to calculate your Staircasing premium and confirm how much you can afford to buy.

It is preferable that you use a surveyor who is familiar with shared ownership and alongside this guide is a panel of surveyors who can assist you with the process. We have negotiated a reduced fee on your behalf with these surveyors. Please ensure you quote "Southern Housing Group" when making your appointment. You're also able to appoint your own RICS qualified surveyor.

The valuation you provide us with must meet the following guidelines:

- You should make payment for your valuation directly to your appointed surveyor when arranging your appointment.
- The surveyor must be registered with RICS and hold a recognised RICS qualification.
- The surveyor must be independent to an estate agent as they do not hold a RICS qualification.
- The surveyor should provide comparable evidence of at least 3 similar properties and sale prices, which must be dated within the last 6 months.
- The surveyor must not be related or known to you.
- We are unable to accept mortgage valuations carried out by your bank or building society as they cannot determine the value of your home for Staircasing purposes.
- The valuation is valid for a period of 3 months from the date shown on the final report.
- On the day of your appointment you must declare to the surveyor the number of years remaining on your lease as this can affect the valuation figure. Please have a copy of your lease available during the appointment.
- As the valuation is being carried out for Staircasing purposes, it should also include a value discounting any significant improvements (e.g. structural works) the surveyor feels have added value to the property. Cosmetic improvements will not be discounted as they are considered to be part of your responsibility to maintain and repair your home under the terms of the lease.

- Significant improvements will only be considered where you have obtained written consent from Southern as per the requirements of your lease. The surveyor will ask for evidence of this consent before excluding the value from your report. Any works you have completed which have not been pre-approved by Southern Housing Group will not be included within your Staircasing valuation. We may consider providing retrospective consent; in this case you will need to provide supporting evidence of the works you carried out and pay the necessary admin fees required for providing consent.
- It is your responsibility to liaise with the surveyor to rectify any issues; therefore it is important that you adhere to the enclosed guidelines to avoid delays.

Once you have received the completed valuation report from your surveyor, please complete the attached “Confirmation of Valuation form” and return it to us with a copy of the report. You may send by post to the address listed at the back of this information pack or send by E-mail to sales.servic enquiries@shgroup.org.uk

We will then assess the report before providing written confirmation of your Staircasing premium and confirm the next step of the process.

Step 2 – Formal Confirmation to Proceed:

Further to receiving confirmation of the premium in writing and deciding you want to go ahead, you will need to complete and return the SC3.1 form, which requires details of your chosen solicitor.

Upon receipt of the SC3.1 we will formally instruct our solicitors who will contact your solicitors to confirm their instructions and proceed with the legal formalities of Staircasing.

We strongly recommend using a solicitor who has experience of Staircasing** to make sure the process goes through as smoothly as possible. Appointing a solicitor with little or no experience in Shared Ownership often results in delays and additional unexpected costs.

It is important to note that by completing the SC3.1 form you are formally proceeding with the Staircasing transaction. If you withdraw from the transaction after this stage, you may be responsible for abortive fees for any work that has been carried out.

**Within the back of this information pack we have provided an independent panel of Legal Advisors who have knowledge and experience in Shared Ownership, and we have negotiated set fees for them to act on your behalf when Staircasing.

Step 3 – Memorandum of Staircasing:

Once you have secured your funding and this has been approved by our solicitor, they will produce a Memorandum of Staircasing. This is a legal document that is inserted into the lease as evidence of Staircasing. The Memorandum confirms the share you purchased, the price you paid, and the date of completion.

The document will be sent to Southern for execution, before being sent to your solicitor for final approval. You will then sign the document as consent to the Staircasing transaction. Your solicitor is responsible for inserting the document into the lease and ensuring Land Registry is updated.

Step 4 – Completion:

Our solicitors will liaise with your solicitors to ensure all of the legal formalities are completed and all documentation is signed before agreeing a completion date. They will arrange for the payment of your Staircasing premium to be paid to Southern, along with any arrears that are outstanding on your rent and service charge account.

Following completion, we will write to you within 10 working days to confirm your new monthly charge.

Partial Staircasing:

If you purchase a further share your rent will decrease, all other charges will remain the same.

Final Staircasing:

If you purchase the remaining equity you will become the outright owner of your home.

If the property is a house, we will normally transfer the freehold to you and you will become responsible for your buildings insurance. If your house is on an estate, we may continue to charge for the upkeep of the communal areas you share. This will be confirmed within your lease prior to final Staircasing.

If the property is a flat and we are the freeholder or we hold a lease for your block, you will no longer pay rent. You will continue to pay service charges, and a Ground Rent may be introduced if your lease stipulates this.

If the property is a flat and we are not the freeholder, you will no longer pay any charges to us. You should make arrangements with the External Managing Agent to pay your service charges directly to them. We will transfer the lease to you directly.

How long will the process take?

You have 3 months from the valuation date to complete your purchase. If you don't meet this deadline, you may need to pay for a new valuation. This may result in a change to the value of your property and the amount you have to pay to Staircase. To avoid any unnecessary delays it's important to choose the right solicitor and ensure all documentation is completed and returned quickly.

Staircasing FAQ's

Q. What if I want to sell after final Staircasing?

A. Some leases give us the right to claim back the difference if you sell your home at a higher price than the valuation within 3 months of final Staircasing. In addition, your lease may require that you offer us the option of buying back your home. We won't buy back your home, but will be able to provide a variation to your lease for this requirement to be removed if required. You will be responsible for the cost of varying the lease.

Q. Will I have to pay Stamp Duty?

A. You may or may not have to pay Stamp Duty, depending on how much, if any, was paid when you originally bought your home, and also what the current Stamp Duty threshold is. We are unable to advise on Stamp Duty. If you want to check whether you will have to pay Stamp Duty, you can ask your solicitors or contact the stamp duty Land Tax enquiry line

on **0300 200 3510** or go online to www.hmrc.gov.uk

Q. How many times can I Staircase?

A. In most cases a Shared Owner can Staircase a maximum of 3 times to achieve 100% ownership of the property, please refer to your lease for confirmation of this as it can vary dependent on when the lease was produced. Each time you Staircase you will incur costs, such as legal costs and a valuation fee, so we recommend buying as much equity as possible each time you Staircase.

Q. What percentage am I able to Staircase?

A. In most cases the minimum share you are able to purchase is 10% and in multiples of at least 5%.

Q. When can I Staircase?

A. You can Staircase at any time.

Q. Can I add or remove someone to/from the property when Staircasing?

A. Known as a Transfer of Equity, you are able to add or remove someone to/from the property at the same time as Staircasing. Where it is final Staircasing, you will not require our consent. Where you are partially Staircasing, our consent will be required and you will need to follow the Transfer of Equity process.

Q. Once I own 100% of the property, can I rent it out?

A. Yes. If we are the Freeholder you must provide us with your forwarding address.

Confirmation of valuation form (SC.2)

Name(s) of shared owner

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Address

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Postcode

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Daytime phone number

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Evening phone number

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Email

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Percentage share of your property you currently own

Print name(s)

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.....
.....

Signature(s)

.....
.....
.....

Date

.....

Panel of surveyors

McDowall's Surveyors Ltd

London, all areas within the M25,
Hertfordshire,
Essex and Kent

Price: £240 inclusive of VAT

T: 0208 472 4422

E: eastham@mcdowalls.com

W: www.mcdowalls.com

Gully Howard

Isle of Wight

Price: £150 plus VAT

T: 01983 822 555

E: jbaldry@gullyhoward.com

W: gullyhoward.com

Bartley West

Hampshire, West Sussex, Surrey, Dorset,
Wiltshire, Berkshire, and Oxfordshire

Price: £150 plus VAT

T: 02380 861 123

E: info@bartleywest.co.uk

W: bartleywest.co.uk

MAP Surveyors

Postcodes including BR1-8, DA1-18, SE1-28,
EN1-3, TN1-22, TN32, ME1-2, 4-6, 8,10, 14-
20, SM1-7, CRO, CR2-8, N1,N4, N5, N7, N16,
N19, E1-3, 5-10, 13-16, E20, EC1-4, KT1-8,
KT10, KT17, KT19, SW2, SW9, SW13-20,
TW1-2, 9-1

Price: £195 plus VAT

T: **020 8300 1144**

W: mapsurveyors.co.uk

McAndrew Martin

Portsmouth and Southampton

Price: £150 plus VAT

T: 02392 697 193

E: office@mcandrewmartin.com

W: mcandrewmartin.com

Tim Smart

Isle of Wight

Price: £150 plus VAT

T: 01983 812 221

E: info@smartsurveyors.co.uk

W: smartsurveyors.co.uk

Panel of surveyors

Worthington Rusling

Surrey postcodes including CR3, CR5, GU6, KT18, KT21,KT22, KT23, KT24, RH1-RH9 inclusive, SM7 Sussex postcodes including BN1-BN45 inclusive, RH10-RH20 inclusive, TN3, TN6, TN7, TN20, TN21, TN22

Price: £180 plus VAT

T: 01273 891 188

E: info@worthingtonrusling.co.uk

W: worthingtonrusling.co.uk

Mortimer & Carey

Kent, London, and Surrey postcodes including IG1-IG11, RM1-RM13, SE1-SE28, DA1-DA18, ME1-ME20, CT1-CT6, TN9-16, TN23-TN27, RH1, RH2, RH7-9, RH11, RH12, RH18, CR1-9

Price: £180 plus VAT

T: 02083 095 524

E: enquiries@mortimerandcarey.co.uk

W: mortimerandcarey.co.uk

Allen & Smith

West Berkshire, Berkshire, Reading, Wokingham, South Oxfordshire, Basingstoke & Deane, Rushmoor, Surrey Heath, Runnymede, South Bucks, and Wycombe

Price: £180 plus VAT

T: 01189 869 963

E: info@allensmithsurveyors.com

W: allensmithsurveyors.com

Gully Howard Technical

Isle of Wight, South/East and West of England from Devon to Kent and up to South Holland areas.

Price: £175 plus VAT

T: 0203 714 6246

E: www.ghtechnical.com

Panel of Solicitors

The solicitors on our panel all have specialist experience in dealing with shared ownership, as well as a an excellent working relationship with our acting solicitor, Pennington's, to help your sale go as smoothly as possible and within the required timescales. We have also negotiated competitive rates to ensure you are receiving value for money. We carry our quarterly reviews with the solicitors on our panel to ensure you are receiving the best service.

Bennett Oakley Solicitors

Contact: Sarah Rowland
13 Mill Road, Burgess Hill
West Sussex, RH158DN
T: 01444 235 232
E: sr@bennettoakley.co.uk or
lawyers@bennettoakley.co.uk
W: www.bennettoakley.co.uk

Tinklin Springall Solicitors

Contact: Coralie Phelan
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W: www.tsconveyancingbromley.co.uk

Alexander JLO

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T: 0207 531 8828
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Direction Law

31 Watling Street
Canterbury
Kent
CT1 2UD
T: 01227 764141
F: 01227 781614
W: www.directionlaw.co.uk
E: canterbury@directionlaw.co.uk

Mortgage Specialist

The Mortgage specialist will provide free financial advice which includes a full financial assessment.

The Mortgage Specialist may charge a fee for their services where a Mortgage product is agreed. Fees are payable upon completion of the transaction.

Clark Marshall Associates

CMA House, 5 Summerhill Road,
Dartford, Kent DA1 2LP
T: 01322 223 331
T: 01322 223 332
E: info@clarkmarshall.co.uk
W: www.clarkmarshall.co.uk/

SRC Financial

4 Lords Court
Cricketers Way
Basildon SS13 1SS
T: 01268 280 096
E: info@srcfinancial.com
W: <http://www.srcfinancial.com/>

*The above providers are independent to Southern Housing Group

Southern Home Ownership

Sales Services Team

Fleet House,
59-61 Clerkenwell Road,
London,
EC1M 5LA

0300 555 2171

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Sales.ServicesEnquiries@shgroup.org.uk



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