



SO Living

A guide to staircasing with Shared Ownership

1.0 What is staircasing?

Staircasing is a process which enables the leaseholder to own a greater proportion of their home. The greater the share purchased, the less rent is payable to Plymouth Community Homes. If you staircase to 100% you will no longer be a shared owner so you will not have any rent to pay to Plymouth Community Homes, although you may still be liable for service charges.

Staircasing is only available to those who have purchased their home through the Shared Ownership Scheme (New Build HomeBuy).

There are two types of staircasing:

- **Interim staircasing** is when you purchase additional shares in the property but remain as a leaseholder and pay an element of rent.
- **Final staircasing** is when you purchase the final share (100%) and you are no longer a shared owner. In this case you will not pay rent to PCH but may still pay a service charge or ground rent. If your property is a house, at the final staircasing stage you will be purchasing the freehold. If your property is a flat, at the final staircasing stage you will remain a leaseholder because the freehold is owned by Plymouth Community Homes.

In the majority of cases there are no restrictions to staircasing, however we would recommend that you refer to your lease to ensure you can proceed.

2.0 What are the requirements for staircasing?

Stages of staircasing

The general requirements associated with staircasing will depend on your lease. Leaseholders of a Shared Ownership (New Build Home Buy) property will be able to staircase to 100% in four stages; a maximum of three interim stages with the fourth being the final stage.

Valuation reports

Purchasing additional shares will be based on the current market value at the time of valuation. Plymouth Community Homes will instruct an independent Royal Institute Chartered Surveyor (RICS) who will provide an open market valuation report, with comparable evidence. If you have made any major improvements to your home you will need to notify Plymouth Community Homes, via the staircasing application form. Home improvements will be excluded from your open market valuation. As the leaseholder you are required to meet the valuation costs and any other costs incurred in connection with the staircasing transaction, i.e. legal fees, mortgage arrangement fees, additional valuations in the case the valuation report expires.

Arrears

The leaseholder must pay any arrears of rent, service charge or other charges payable to Plymouth Community Homes prior to the completion of the staircasing transaction.

Restrictions

- In some cases your lease may restrict you from selling your property for three months following final staircasing.
- If you cannot fund the additional share you will not be able to proceed with staircasing.
- If the staircasing is being funded by a mortgage, the mortgage offer must match the names on the lease. If this is not the case, you will need to seek legal advice to rectify this.

3.0 What are the benefits of staircasing?

Buying a greater share of your home has a number of benefits:

- You reduce the amount of rent you are paying to Plymouth Community Homes.
- If you become a 100% owner you can sell your property on the open market using an Estate Agent of your choice.
- Becoming a 100% owner allows you to maximise the profit from any major home improvements.

4.0 What are the costs involved in staircasing?

Every time you decide to staircase you will have expenses to pay. Before deciding to staircase it is worth investigating the full costs involved and carefully consider the additional share you wish to buy.

	Costs
Valuation fee An open market valuation report, this is valid for a three month period. If the staircasing transaction does not complete within this period you will be required to pay an additional desktop valuation fee. If the market value has changed, following the desktop valuation, you may incur additional costs to amend your mortgage offer and legal fees.	Fees range between £150 - £250 + Vat Desktop valuation approximately £40 +Vat Refer to mortgage lender and solicitor for fees

<p>Mortgage fees If you are applying to change lenders (re-mortgage) to buy the additional share, or to obtain a better interest rate, you will be required to pay the lender's valuation fee and you may be required to pay a mortgage arrangement fee. You may also have to pay penalty charges to your existing lender if you re-mortgage before the product's end date.</p>	<p>Refer to mortgage lender and solicitor for fees</p>
<p>Legal expenses Staircasing will involve changes to your existing lease which will require the professional services of a solicitor. The solicitor will have disbursements and professional fees for acting for you.</p>	<p>Refer to your chosen solicitor for fees</p>
<p>Stamp duty In certain circumstances you may need to pay stamp duty. This will need to be discussed with your solicitor.</p>	<p>Refer to your chosen solicitor for fees</p>
<p>Rent and service charge arrears If you have any arrears these must be cleared before completion of the staircasing transaction.</p>	<p>Refer to Plymouth Community Homes for any outstanding charges payable.</p>
<p>Transfer of Equity The process of updating the lease with any additional names by the PCH solicitor.</p>	<p>£250 + VAT</p>
<p>Remortgage The process of approving the new mortgage which will fund the staircasing by the PCH solicitor.</p>	<p>£175 + VAT</p>

5.0 How do I proceed with staircasing?

5.1 Ensuring affordability

Before you decide to proceed you will need to ensure that you can financially afford to buy additional shares in your home either with a mortgage or savings. If you are funding this by a mortgage you will need to consult your mortgage lender or a financial advisor.

5.2 **Contact Plymouth Community Homes**

If you wish to proceed with staircasing, contact Plymouth Community Homes, SO Living Sales Team on 0800 077 8748 or email so-living@plymouthcommunityhomes.co.uk.

Upon your intention to staircase, we will send you out a Staircasing Application Form which you should complete and return to us. We will also need to value your home. Included in the application form will be a section which indicates our intention to instruct a RICS valuer to obtain an open market valuation on your property. You will be informed of the fee for this report which will need to be paid in advance before we will instruct.

5.3 **Valuation report**

Upon receipt of the open market valuation report, Plymouth Community Homes will send you a copy of the report accompanied by the notice of intention to staircase. This form will provide details of the market value, the additional share you wish to purchase and the future rent and service charges. You will need to complete this form providing your solicitor details, sign and return.

5.4 **Mortgage advisor & savings**

At this stage you will need to confirm your new mortgage offer. If you are funding the additional share with savings you will be required to provide evidence of your savings.

5.4 **Instruct solicitors**

Upon receipt of the notice of intention to staircase form, Plymouth Community Homes will instruct our solicitors. You will need to instruct your chosen solicitor. You will need to liaise with your appointed solicitor to enquire about the progress of your staircasing application.

5.5 **Staircasing completion day**

Your solicitor will register your increased share with the Land Registry.

Interim shares

Plymouth Community Homes will adjust your rent account to reflect these changes and send confirmation to you. Your service charge will remain unchanged if you have bought interim shares

Final staircase

Once you have staircased to 100% you will no longer pay Plymouth Community Homes any rent but you are still required to pay service charges. Your solicitor will need to serve notice to Plymouth Community Homes requesting the freehold of the property be transferred to you. Once this has taken place, you will no longer be charged for buildings insurance.



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