

Shared Ownership staircasing guide

What is staircasing?

Staircasing is how you can increase the share percentage that you own in your Shared Ownership home.

The greater the share you own, the less rent you pay to Gecko Homes.

Steps to 100% ownership

Now you have taken the first step onto the homeownership ladder, you may be thinking about buying more shares to increase the percentage of the property you own. You may even be considering staircasing to 100% ownership. We are here to help you through the process of staircasing until you own as much of the property as you are comfortable with.

Staircasing shares in your home

Own 100%
Eventually we hope that you will staircase to 100% ownership.

Reduce your rent
The more shares you buy the less rent you pay. Hopefully meaning you can save more to buy more shares in the future.

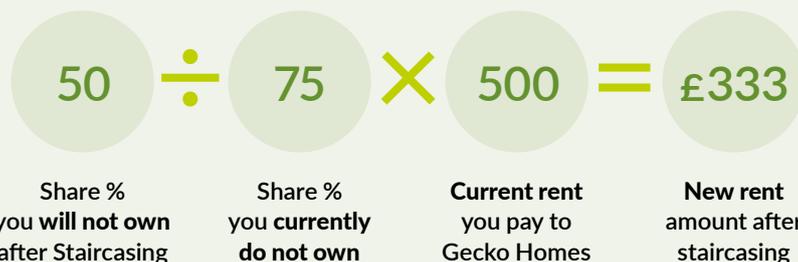
Buy more shares
As your savings increase or with help from family or friends you may start thinking about buying more shares.

Working out your rent

The more shares you own the less rent you pay. Most people will staircase two or three times before they own 100% of their home. Buying further shares, but not to 100%, is known as Interim Staircasing. There are costs involved every time you staircase that you need to factor in. These can be found at the end of this guide.

To know how much rent you will pay after Staircasing, use the following example below, based on a Shared Owner increasing their share from 25% to 50% and currently paying £500 rent a month.

Rent example: Staircasing from 25% → 50%, paying £500 rent



Working out the value of your home

When you staircase the amount you pay is based on the value of your property at the time you choose to staircase and not the value at the time you purchased. Before deciding to staircase it's good to have an idea of how much your property might be worth now. Before contacting us about staircasing, you can look at sites such as Zoopla or Rightmove or contact local estate agents for an idea of the value of your property.

Making sure you can afford to take the next step

If you are thinking about staircasing, you should get in touch with an Independent Mortgage Advisor (IMA). They will take time to understand your finances and help to calculate how much you can comfortably afford to staircase, based on the anticipated value of your home.

When you can't staircase

You should check your lease before applying to staircase as it will explain what you can and cannot do. Gecko Homes prides itself on being a responsible landlord and there are some circumstances where we will not allow you to staircase.

- If you have arrears with your service charge and/or rent.
- If the interest rate on your mortgage is too high and risks putting you in financial difficulty.
- If you cannot provide a valid mortgage offer or proof of savings for the additional shares being purchased.

- If your property has restrictions on staircasing. If this applies, you will be limited to what you are able to staircase up to. Details of any restrictions can be found in your lease.
- If your request to staircase is not signed by all those who originally bought the property. If you are staircasing and removing someone from the lease (known as a 'Transfer of Equity'), all current leaseholders must still sign the form.

Improvements and property value

In addition to the location and size of your home, home improvements may also affect the value of your home. As a general rule, only structural improvements will affect the market value of your home. This includes extensions and conversions, but not replacement bathrooms, kitchens or flooring, unless structural works have also been undertaken. For example, extending the property to add an extra bathroom. If you have undertaken any home improvements on the property, please include these on the valuation form, along with evidence of approval from Gecko Homes, when instructing a valuer.

As per the conditions of your lease, all home improvements must be approved by Gecko Homes before you start work. If you did not obtain approval from us for any home improvements, the valuer will need to disregard these from the final valuation figure. Please contact us if you want to seek retrospective consent for improvements, fees will apply.

How often can I staircase?

You can staircase as many times as you want until you reach 100% ownership, but remember that fees apply every time you staircase. You must check your lease to make sure there is not a minimum percentage specified for each staircasing request.

Costs of staircasing

There are costs involved each time you staircase. If you are going to staircase by small amounts you will need to consider if these costs are worthwhile.

Valuation Fee: From £210.

Administration Fee: £270.

Legal Expenses: Approximately £350 plus VAT.

Mortgage Fees: Varies by lender.

Stamp Duty: Varies by property price.

Retrospective consent for improvements:
From £500.

Staircasing journey

Get an idea of how much your home is worth now.

Speak to an Independent Mortgage Advisor (IMA) we work closely with Metro Finance and you may want to start by contacting them, but you are under no obligation to use them.

Pay our fees.

When you are ready to staircase you will need to pay our admin fee and the fee for the valuation. You will also need to tell us how many shares you want to purchase.

Have your property valued.

Gecko Homes will instruct an independent RICS/FRICS (Fellow of the Royal Institute of Chartered Surveyors) registered surveyor, who will value your home. You will need to pay for this valuation.

Check your offer letter.

The surveyor will research in your area and carry out a valuation report with comparable evidence of at least two similar properties in your area that have been sold or are being marketed. The report will also detail if you have made any home improvements. Once we have received the valuation we will send you an offer letter. You should read this carefully as it will tell you how much the shares will cost you and what you need to do next.

Tell us what you want to do next.

If you are happy with the offer and wish to proceed with staircasing, you need to contact us and confirm that you want to go ahead. Your offer letter will tell you what information you need to tell us. If you do not agree with the offer price you have the right to appoint your own surveyor at your own cost. You will need to tell us that you intend to get a second opinion so we can tell you what requirements we need you to meet with

your survey. If your survey does not meet our requirements it won't be accepted and you may incur more fees.

Take a full financial assessment

Your IMA will want to carry out a full financial assessment with all buyers taking into account the valuation, your income and the amount of extra shares you want to buy

Appoint a solicitor and make a mortgage application.

We recommend using an independent solicitor and mortgage advisor who specialise in Shared Ownership, and we always recommend you select a solicitor who offers a fixed fee for their services. You now need to make your mortgage application. The mortgage advisor will be able to assist you with your mortgage arrangements to buy the additional shares.

Your solicitor should arrange completion of the staircasing transaction within three months of your valuation.

Your solicitor will undertake the legal work on your behalf. They may need to arrange an appointment to go through the legal paperwork with you. Your lender and solicitor should act quickly to achieve completion prior to expiry of the valuation in order to prevent you incurring additional costs. If you and your solicitor believe the transaction is unlikely to complete before the valuation expires, you will need to obtain an updated valuation report. If you contact the surveyor, they may be able to provide you with a valuation extension

Congratulations your staircasing is now complete.

Once your solicitor has completed all the necessary legal work, you will own either a greater share or the full 100% value of your home.

Congratulations!

What happens when you own 100% of your home?

Congratulations, you are now the sole owner of your home. While you no longer pay us any rent, there are still some ongoing costs you need to be aware of, depending on what type of home you own.

If your home is an apartment...

Like all owners of an apartment, you will still pay your service charge and management charges including the ground rent. You will still be covered under the block's buildings insurance policy. In certain circumstances (where Gecko Homes are not freeholders) we may transfer the headlease or superior lease to you. Your solicitor will deal with the transfer, which will take place alongside the staircasing.

If your home is a house...

If you own a house, the freehold will normally be transferred to you when you have staircased to 100%. Your solicitor will need to serve notice to Gecko Homes requesting the freehold of the property be transferred to you. There is no charge for this transfer, but you will have to pay your legal costs. On completion of the transfer, you will no longer be charged for buildings insurance by us and you will need to have your own policy in place. In some cases, you may still have to pay an estate management charge if you live on an estate and are responsible for some of the communal costs. This will be stated in your lease if it is applicable. If we cannot transfer the freehold to you, for example because we do not own it, this will be made clear to you before you complete your purchase of extra shares. You can still staircase to 100% but you will remain a leaseholder.

If your home is Older Persons Shared Ownership (OPSO)...

You will only ever own 75% of the property but once you have staircased up to 75% you won't have to pay any rent to Gecko Homes. Restrictions in your lease mean you won't be able to sell your home to anyone who does not meet the criteria for OPSO.

Selling on the open market

Now you own 100% of your property outright (75% for OPSO), you can sell it on the open market using an estate agent of your choice. In some cases, your lease may restrict you from selling your property for three months following final staircasing. Once you have found a buyer for your property, your solicitors will contact our leasehold team with any enquiries from the buyer's solicitor.

Useful contacts

Gecko Homes

t: 0161 974 0556

e: contact@geckohomes.co.uk

Metro Finance

t: 0800 3283684

e: advice@metrofinance.co.uk

Law Society

t: 0870 606 6575

w: solicitors-online.com

Money Advice Service

t: 0300 500 5000

w: moneyadvice.service.org.uk

Royal Institute of Chartered Surveys (RICS):

w: rics.org

