

Staircasing - Buying more shares in your home

What is staircasing?

Staircasing is the term given to buying extra shares in your shared ownership property.

How does staircasing work?

Most leases allow you to buy extra shares after you have owned your initial shares for three months. You may choose to go up another step on the home ownership ladder by buying some of the remaining shares in your home; this is known as partial staircasing. If you choose to purchase all of the remaining shares in your home, it is known as final staircasing.

If you are thinking of partial staircasing, you can usually buy shares in tranches of 25%. However, most leases issued after July 2004 allow you to staircase in multiples of 10%.

If you are considering staircasing, you will need to find out from your lender whether they are willing to lend you a further amount. The amount you are able to borrow will help you determine the size of the further share you are able to purchase. If you are considering changing mortgage providers, you need to consider if your current mortgage has any redemption penalties.

Please note that not all leases allow you to purchase all the shares in your home. If you are unsure please check with your Home Ownership Officer or ask your solicitor.

How much will I pay for extra shares?

The shares will be sold at the current market value, disregarding any improvements to your home that we have consented to. The assessment of the current market value will be made by a Royal Institute of Chartered Surveyors (RICS) qualified valuer, by way of an open market valuation of the property.

Which valuer can I use?

You are responsible for obtaining your own valuation; the report submitted to Orbit must be an open market valuation. Please contact us for current fees.

Before instructing your chosen valuer you must ensure they are RICS qualified and current members; failure to do so may mean that Orbit is unable to agree to your chosen valuer. You can locate a valuer and check they are qualified through the RICS website: [ricsfirms.com](https://www.ricsfirms.com)

We recommend you obtain several quotes and query if the valuer will charge you for extensions should they be required.

The valuer will complete the valuation on the following terms in line with their RICS guidance:

The open market valuation will value the property as 100% leasehold or freehold with vacant possession and will assume the shared ownership lease had not been granted. Improvements and/or failure to keep the property in good repair will be disregarded.

Please note that an estate agent's valuation is not acceptable; under the terms of the lease the valuation must be carried out by a RICS qualified surveyor. Whichever valuer you choose, you are responsible for their fee.

How long is the valuation valid for?

The valuation is valid for three months. If completion has not occurred within three months, then either a revaluation or an extension will be required. Your valuer may charge for this.

What happens if I am not happy with the valuation figure?

If you dispute the value provided by your RICS valuer, you are able to challenge this by providing written reason for your concerns directly with your chosen valuer. You should provide evidence of the sale prices of at least three similar properties in your area. You may then request that your valuer reconsiders their opinion.

If you are still not satisfied with the outcome you may instruct another RICS qualified valuer to revalue the property at your expense. Orbit will not be involved in this process and should only be forwarded the report once you are happy to proceed.

Why are improvements disregarded?

If you have made improvements to your home (such as fitted double glazing for example) and we have consented to these improvements, you may ask the valuer to disregard the value the improvements have added to the open market value of your home.

The improvements are disregarded because they do not form part of our share. For example, if your home is valued at £150,000 with the double glazing, but would have been valued at £148,000 if the double glazing had not been fitted, then the value of £148,000 will be the figure used to work out the value of the extra shares. We will check our files to make sure that the improvements have received our consent.

What do I do once I have the valuation?

You must arrange to forward us the valuation. Within five working days we aim to provide you with written confirmation of how much the additional shares will cost. Once we have confirmed to you the price, you need to let us know if you wish to proceed. You will also need to instruct a solicitor and confirm their details to us. We will also require details of your mortgage lender if partially staircasing.

What happens to my specified rent and other charges?

If you have partially staircased, the amount of specified rent you pay will reduce in accordance with the additional shares you have purchased. Your buildings insurance, ground rent and service charge, if applicable, will remain unchanged.

If you have purchased all of the remaining shares in your property you will no longer have to pay specified rent. However, you will continue to be responsible for service charges and ground rent if applicable. If your property is transferring to freehold, you will be responsible for arranging your own building's insurance. If you are unsure about the charges you pay, please contact your Home Ownership Services Officer.

Will my property become freehold when I fully staircase?

This depends on the type of property you have and what is contained in the lease. If you live in a flat, the property will remain leasehold. If you live in a house, it is likely that the freehold interest will transfer to you on completion, unless we do not own the freehold or your lease does not allow us to transfer the freehold.

Please note that some leases state that the freehold will not transfer until three months after completion. Your solicitor will be able to advise you on this.

Whichever type of title your property has, there is usually a clause on the title for three months after the staircasing has completed. This means we will be notified if you try to sell the property within three months of completion of the staircasing. If you are trying to sell the property for more than the open market valuation we can claim back the difference between the staircasing valuation price and the sale price. After three months has passed you can ask your solicitor to remove this clause from your title.

How do I start the staircasing process?

To start the staircasing process, please complete and return the attached 'intention to staircase' form and return it with the RICS valuation and the administration fee payable to Orbit (as applicable and as set out in our 'administration charges' leaflet).

On receipt of the intention form, valuation and administration fee, we will confirm to you the amount you will have to pay if you wish to buy extra shares. Our formal offer letter can be provided to your mortgage lender for confirmation of our consent to the staircasing.

Is there anything else I will have to pay?

You will be responsible for our administration fees, the valuation fee, your solicitor's fee and (if applicable) your mortgage arrangement and redemption fees.

Who do I contact if I have any more queries regarding staircasing?

If you have any further queries please contact your Homeownership Officer on 0800 678 1221 or email us at Homeownership.Services@orbit.org.uk

Intention to Staircase

Please complete and return this form to:

Orbit Living
PO Box 6406
Coventry
CV3 9NB

Your name(s):

Your address:

Post code:

☐ I currently own _____ % and wish to purchase an additional _____ %.

☐ I have arranged for payment of the _____ administration fee payable by BACS to Orbit and understand that there is a further administration fee payable via my solicitor at completion.

☐ I have instructed _____

(independent RICS qualified valuer) to value my property, please find the valuation enclosed.

The open market valuation will value the property as 100% leasehold or freehold with vacant possession and will assume the shared ownership lease had not been granted.

Improvements and/or failure to keep the property in good repair are to be disregarded. The service charge (if applicable) has been considered at current levels.

Improvements carried out to my property:
(please list any improvements and tick the relevant statement)

☐ No improvements have been made that significantly affect the property value

☐ Improvements have been made of which Orbit has previously been advised and I hold consent for

☐ Improvements need retrospective consent (An additional fee will be payable and the improvement process will be followed)

Please sign below (If the property is in joint names, both leaseholders must sign):

Signed: _____

Dated: _____

Signed: _____

Dated: _____

How to get in touch

For further information
please email us at:
info@orbit.org.uk

Or call:
0800 678 1221

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