

# Onward

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living

STAIRCASING GUIDE

# WHAT IS STAIRCASING?

**Staircasing is a term that refers to increasing the share of the property you own. You can do it gradually over time, to eventually own your home 100%\*.**

The greater the share you buy, the less rent you will pay to Onward Homes. If you buy 100% of the shares in your home, you will become an outright homeowner and will no longer need to pay rent.

The cost of additional shares is calculated by the market value of your home when you decide to start staircasing.

This guide is designed to give you an overview of the staircasing process, but if you are thinking about staircasing please contact us first by email:

[homeownership@onward.co.uk](mailto:homeownership@onward.co.uk)

## Benefits of staircasing

The main benefit of staircasing is that you will own more of your property, pay less rent and will be able to build more equity in your home.

The additional monthly mortgage payments you make to buy additional shares in your home could be less than the amount of rent you were paying originally.\*\*

## What happens if I staircase to 100%?

If you staircase to 100% you will own your property outright. You will no longer have to pay any rent to Onward Homes, although any service charges as well as ground rent (if applicable) will still have to be paid.

If you wish to sell the property in the future, you will no longer be subject to a nomination period, or any other restrictions. You may sell your home for as much as you wish and keep the full proceeds of the sale.

## If you own a flat

You will still be a leasehold owner, but all of the shared ownership provisions in your lease will fall away.

Onward Homes will continue to organise the insurance for the building and you will pay for this via your service charge.

## If you own a house

You will no longer be a leasehold owner and after you complete the final purchase of shares, your lease will end and Onward Homes will transfer the freehold of the property to you.

You will no longer have to pay the buildings insurance portion of your service charge – although you will have to take out your own buildings insurance policy.

\*Some restrictions apply on certain properties.

\*\*Dependent on interest rates and should be verified by your mortgage advisor.

## HOW DOES IT WORK?

It really is very simple.

You buy additional shares in your home based on its current market value.

*Example:*

If your property is valued at £200,000 and you want to buy an additional 25% share, the purchase price will be  $£200,000 \times 25\% = £50,000$ .



## WHAT ARE THE EXPECTED COSTS?

As well as the cost of a mortgage, there could be other costs involved in the process of buying further shares, including:

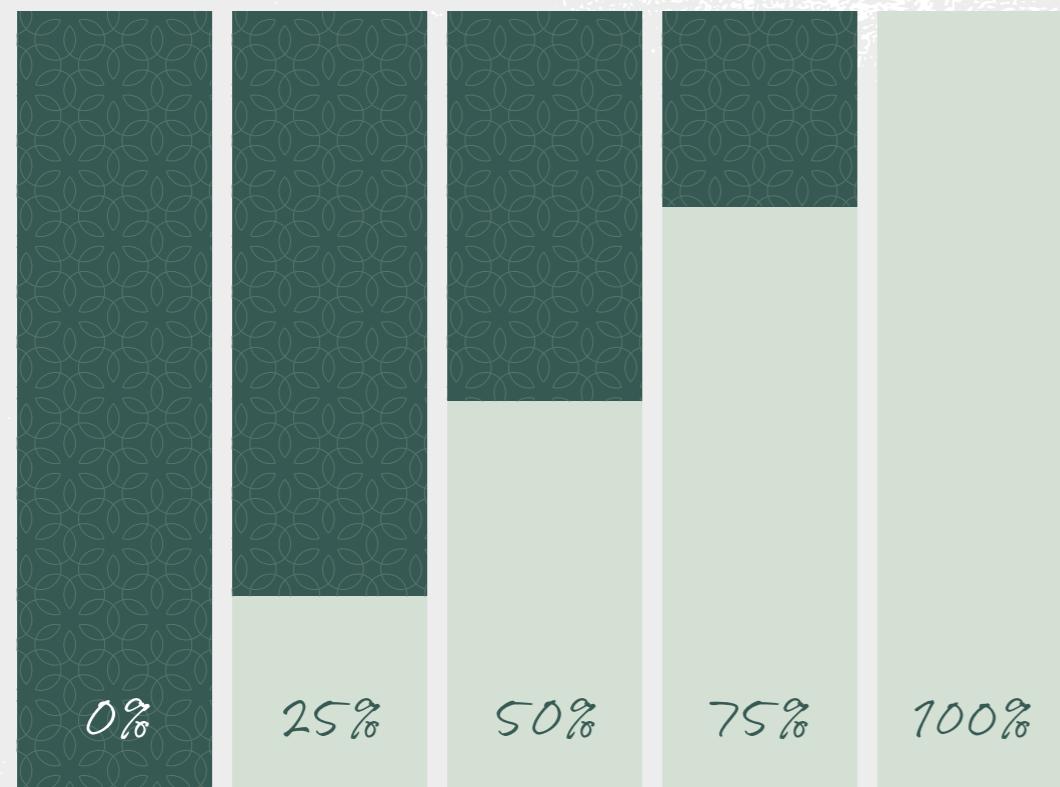
- Valuation fees
- Your solicitors fees
- Mortgage arrangement or independent financial advisor fees
- Outstanding arrears of service charge and rent
- Stamp duty (where applicable)
- Onward Homes administration fee

Valuations accepted by Onward Homes are valid for three months from the valuation date.

If you do not buy the extra shares in your home in this time, your home will have to be re-valued.

This is usually at a reduced rate as the surveyor who carried out the original inspection will not need to revisit your home.

Please note that if the value has increased in the meantime, it will be more expensive to buy your extra shares.



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A photograph of a young man and woman with dark skin and curly hair, both wearing glasses and smiling, relaxing on a sofa. The man is wearing a blue shirt and the woman is wearing a yellow top. They are sitting on a light-colored sofa with green patterned cushions. The background is a bright, sunlit room.

## STAIRCASING STEP BY STEP

### **Step 1: Get in touch**

Contact Onward Homes to register your interest in purchasing additional shares.

### **Step 2: Get the go-ahead**

Onward Homes will provide you with confirmation that you can staircase, including any minimum share or maximum share you can buy.

### **Step 3: Evaluate your finances**

Seek independent financial advice to ensure that buying further shares is the right choice for you and will remain affordable in the future.

### **Step 4: Arrange a valuation**

Instruct a RICS (Royal Institute of Chartered Surveyors) qualified surveyor to value your home. Make sure that you make them aware of any improvements you have made to the home so that Onward Homes are able to take these into account.

### **Step 5: Pay your admin fee**

Submit your valuation report and payment of the administration fee to Onward Homes for approval.

### **Step 6: Confirmation of new share**

Onward Homes will write to you to confirm an offer which states how much you would need to pay to acquire the additional shares in your home.

### **Step 7: Instructing solicitors**

Once you accept the offer notice, Onward Homes will instruct our solicitors to proceed to sell the further shares to you. They will liaise with your solicitor to ensure the process is as efficient as possible.

### **Step 8: Complete the transaction**

Congratulations, you have staircased! Upon completion of the transaction your rental amount will be adjusted accordingly.

## HOW OFTEN CAN I STAIRCASE?

You can either buy more shares in increments, or you can buy the remaining share of your property in one transaction.

There are sometimes restrictions in the number of times you can staircase and if so these will be stipulated in your lease.

Staircasing in the larger amounts avoids paying administration and solicitor costs more than once.

The minimum share you can purchase will be in your lease, though it is normally 10% or 20%.

However, if it is the final share purchase, it may be less than the minimum share in order for you to staircase up to 100%.



## IS THERE ANY REASON I WOULDN'T BE ABLE TO STAIRCASE?

There are no restrictions in the majority of cases, however we would recommend in the first instance that you refer to your lease or contact us to confirm.

For some homes there may be a cap on the maximum share of your property you are able to own but these are exceptions.

Before you are able to make an application to purchase additional shares in your home, your account must be paid up to date with no rent or service charges outstanding.

Onward Homes will not be able to help you to purchase further shares if this is not the case.



## WHAT ABOUT A MORTGAGE?

You will need to contact your mortgage lender if you will be increasing your mortgage in order to staircase.

You may want to move your mortgage to a new lender, perhaps for a better interest rate at the end of your current fixed rate.



## DO I NEED TO CONTACT A SOLICITOR?

You are advised to appoint a solicitor to act on your behalf in connection with your staircasing transaction.

If you are remortgaging or taking out a further advance as part of the process, your lender will insist upon it.

You will be responsible for your own solicitors' fees, which your solicitor will be able to advise you on.

You will also need to provide Onward Homes with the name, address and telephone number of the solicitor who will be acting on your behalf.

Note: We advise you to use a mortgage advisor and solicitor that have experience of staircasing. Shared ownership mortgages have extra requirements from standard mortgages, so it's best to use a company with the right knowledge. Onward Homes can advise upon request.

*Visit our website for more information:*

[onward-living.co.uk/after-sales](https://onward-living.co.uk/after-sales)



## DO I HAVE TO STAIRCASE?

No, this decision is up to you.

A lot of people who live in Shared Ownership properties choose to buy extra shares in their home in order to reduce their rent.

Please check your lease for specific information about the minimum percentage you can buy and your entitlement to increase your shares to 100% ownership.

It is important to consider all the costs involved in staircasing before you proceed. We strongly advise you discuss the process and likely costs with your solicitor before you go ahead with the transaction.

**Contact us to find out more about buying further shares in your home:**

**Telephone: 0300 555 0600    Email: [homeownership@onward.co.uk](mailto:homeownership@onward.co.uk)**



0300 555 0130

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[onward-living.co.uk](http://onward-living.co.uk)