
heylo

HOMEOWNER

Guide to Staircasing



What is staircasing?

When you invest in a part buy – part rent property, you will have taken a step on the property ladder. Staircasing is the process of buying more shares in order to increase the proportion of the property you own. By buying more shares in incremental stages, most leases will allow you to staircase to 100% of the property and become the outright owner of your home.

From registering your interest in staircasing to buying more shares usually takes between 6-8 weeks from the point of instructing our solicitors.

There are no restrictions on when you can buy more shares in your home. You have the option to buy more shares in your home when it suits you. Please check your lease to see if there is a minimum amount you can staircase by.



Benefits of staircasing

Staircasing means you own more of your property. There are some benefits to owning a greater share in your property. Firstly, the more shares you own, the less your rent costs will be.

Taken to its extreme, when you staircase to 100%, you will no longer pay rent to Heylo.

Additionally, by owning a larger share of your property, if you ever decide to sell, you will make more in sale proceeds. For instance, if you own 50% of a property that sells for £200,000 you will receive £100,000 in property proceeds. On the other hand, if you had reached 100% ownership, you'd receive the full sale amount.

How it works

Step 1

RICS valuation

You've decided that now is the right time to purchase more shares in your property. Your first step is to have your home revalued; this will help assess whether developments in the property market have impacted the value of your property since you moved in. You will need to source a Royal Institute of Chartered Surveyors (RICS) valuation survey. When we have your RICS valuation we can tell you how much staircasing will cost. We are unable to issue the price of the share prior to this.

Before instructing anyone, it's important that you read the relevant section of your part buy – part rent lease, as this governs how the process will work and if there any restrictions on the maximum share you can purchase.

Once secured, send your valuation document to Heylo and we will confirm the cost of the share you wish to purchase and get the ball rolling.

Step 2

Understanding the costs

Just as when you bought your first shares in the property, the cost of your new shares will be based on the current market value of your home. If you want to have an idea of what it might cost to purchase further shares, you can look at the prices of similar properties in your local area. (Please note, we are unable to issue the price of your share prior to receiving your RICS valuation.)

Increasing the equity you own in your home will reduce the rent you pay. When you own 100% of the shares in the property, you will no longer pay rent. If you pay or are due to pay a service charge, estate fee or ground rent, you will still need to pay this once you own 100% of your home.

The costs involved:

- Your solicitor's fees
- RICS valuation
- Heylo staircasing admin fee £240
- Mortgage fees (if applicable)
- Stamp Duty Land Tax (SDLT)

Step 3

Instructing your solicitor

If you are satisfied with the cost of staircasing, and have fully understood the process, please sign and return the Staircasing Confirmation Form that we would have sent you stating that you understand the costs of staircasing, your wish to proceed and a summary of your solicitor's details:

- **Name**
- **Email address**
- **Telephone number**

to resales.staircasing@heylohousing.com

Heylo will then pass formal instructions onto our solicitor, who will liaise throughout the process with your solicitor to prepare the staircasing documents.

Step 4

Instructing our solicitor

At this stage Heylo's solicitors will be instructed by our Resales and Staircasing team, our solicitors will ask for copies of title documents and your lease, this will enable them to review for any restrictions on the title, begin drafting the memorandum of staircasing and transfer documents (if necessary) which will be sent to your solicitor for approval.



Costs of staircasing

The cost of increasing your share in your property is based on the present market value of your home. Before stating your interest to staircase, it will be in your best interest to understand what the cost of further shares may be. You can estimate the costs of staircasing by researching the local property market, in particular the list values for similar properties in your area.

The true costs of staircasing will be calculated by Heylo once we have received your RICS valuation. Please bear in mind, it will not be possible to provide a valuation before this point and costs provided by Heylo will exclude any other fees associated with staircasing.

Staircasing to a larger share in your property will mean you pay less rent each month, because you will own greater equity in your home. Your mortgage costs will also increase, should you fund your purchase of additional shares with mortgage borrowing.

Increasing the equity, you own in your home will reduce the rent you pay. Staircasing to 100% will mean you will no longer need to pay any rent to Heylo. Service charges and ground rents, however, may still apply if you staircase to 100%.



Summary of staircasing costs:



Survey: you will need to arrange and pay for a RICS valuation.



Solicitors' fees: your solicitor will need to handle the paperwork to legally recognise your purchase.

You must cover all the costs for your solicitor, while Heylo will pay for our own.



Heylo staircasing admin fee: £240

Payable at time of completing on your additional shares.



Mortgage fees: If you finance your share purchase with a mortgage, you may need to pay any fees associated with changing or updating your mortgage directly to your lender.



Stamp Duty Land Tax (SDLT): whether you pay SDLT will depend on the value of the shares you are purchasing. Your solicitor will be able to advise you if SDLT will apply.



Management Company Fees: Any charges applicable from your management company should be confirmed directly with them.

Tips for staircasing

1. If you are interested in buying more shares in your home, the first step you should take is to check your lease to ensure you understand what is involved and whether there are any restrictions attached.
2. Before proceeding, it's a good idea to have an understanding of how much buying additional shares in your property will cost. You can do this by researching the prices local properties have sold for recently. Browse a property portal like Rightmove or Zoopla to see list prices and sold prices in your area. You can also ask an estate agent to give you a free market estimate.
3. Work out whether you can afford to staircase in advance. Begin to get your finances in order to present to mortgage providers and to demonstrate to mortgage advisors that you can afford to staircase at the level you are proposing.
4. Consider your finances and speak with an Independent Mortgage Advisor (IMA). They will assess your finances and help you determine how much you can comfortably afford to staircase, based on your finances and the forecasted value of your home.
5. Find a solicitor that is experienced in handling part buy – part rent staircasing. Buying more shares in a part buy – part rent property is more complicated than a traditional property purchase. With a solicitor experienced in part buy – part rent staircasing your purchase should run smoothly.

How to find a RICS accredited surveyor

If you want to buy more shares in your home, or would like to sell your shares, you'll require an up-to-date property valuation. Your surveyor must be RICS-approved to ensure that your property shares are sold at their true market value. RICS surveyors are unbiased, so will provide an accurate valuation for your property, meaning the price you pay to staircase will always be fair.

Steps to source a RICS surveyor:

1. A surveyor may work as a sole trader, or be part of a much larger business
2. To ensure they are RICS accredited, visit www.ricsfirms.com
3. Simply enter your town, postcode or the name of a surveying firm in the search bar, "Find a Surveyor"
4. Press search to reveal a list of RICS approved surveyors along with their contact details

Frequently asked questions

How many times can I staircase?

You can staircase as many times as you want. Please refer to your lease for minimum staircasing increments.

Do I have to staircase?

You are under no obligation to buy more shares in your property. However, the more equity you own, the lower your rent payments.

Is there a minimum time I have to wait before staircasing?

You can staircase at any time of your choosing.

Will staircasing affect my mortgage?

Yes, if your staircasing share is being funded by additional mortgage lending, your monthly mortgage payments will increase.

What will happen to my rent when I staircase?

When you staircase, your rent will fall in line with your new share ownership, as you only pay rent on the share of the property you don't own. If you staircase to 100%, you will no longer need to pay rent. If you pay ground rent or a service charge on your lease, these will still be payable once you reach 100%

Do I need to instruct a solicitor?

Yes, in order to staircase, you must appoint a solicitor. Read more about the process of staircasing to learn more.

What information does my mortgage lender need?

You will need to confirm the price of the share you would like to purchase.

How long does the staircasing process take?

Once Heylo's solicitors are instructed the process takes an average of 6-8 weeks*.

*Arranging a valuation and mortgage discussions (if applicable) not included within this timeframe.

Can my valuation expire?

Valuations are valid for three months from the date of your property inspection. Indeed, a valuation can expire, in which case you would need to seek an extension for a further three months which will need to be obtained from the surveyor who completed the original valuation. Please note, Heylo are unable to issue a valuation extension.

Do I need to sign a new lease?

No, your original lease will remain unchanged. You will be sent a memorandum of staircasing to certify the fact that you have bought more shares in your property. A memorandum of staircasing acts as a receipt alongside your lease, to demonstrate you are the legal owner of your shares.

What are the costs of staircasing?

You should budget for:

- Your solicitor's fees
- RICS valuation
- Heylo staircasing administration fee - £240
- Mortgage fees (if applicable)
- Stamp Duty Land Tax (SDLT)

Do I need a new EPC?

No, an EPC is not needed for staircasing.

How do home improvements impact share prices?

If you have made significant improvements to the property, two valuations will be given for your home as part of your RICS valuation, one which is reflective of the improvements you have made, and one which reflects the property's value when you moved in.

Significant improvements are considered to be, loft conversions, conservatories and extensions. General maintenance, new windows, new kitchens or bathrooms, repairs to appliances and redecorations aren't considered improvements.

In essence, the cost of buying new shares will be based on the value of your home as if you had not made those significant improvements. This means you'll avoid the drawback of paying twice for this major work.

Please note that any repairs that may have an impact on the value of your home will be ignored by the valuer. This is because under the terms of your lease you are responsible for maintaining your home including any replacements or renewals

Are there restrictions on staircasing?

Yes, there can be restrictions on staircasing. Check your lease, which will mention whether you are entitled to purchase 100%, or if the property has a restricted maximum share.

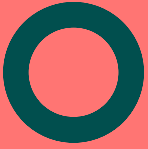
When you own 100% what happens?

You will no longer pay Heylo any rent. However, 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... you will continue to pay service and management charges, including ground rent. You will remain covered under the block's buildings insurance policy.

If your home is a house... it may be possible for the freehold to be transferred to you when you have staircased to 100%. This will depend on the title which Heylo holds for your property and the staircasing provisions in your shared ownership lease.

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 upkeep costs.



Contact Us:

Our offices are open:

Monday - Thursday:

9am - 6pm

Friday:

9am - 5pm