

Staircasing policy

1. Introduction

- 1.1. This Policy sets out ReSI Housing Limited (**ReSI Housing** or the **Company**) approach to shared ownership staircasing. Staircasing is where a shared owner wants to buy more shares in their home.
- 1.2. This policy includes information on how we will approach shared owners who want to staircase.
- 1.3. It sets out how we will meet our statutory, regulatory and contractual obligations, while ensuring we meet our objectives of providing high quality housing management, and outstanding customer service.

2. Purpose

- 2.1. For all shared ownership properties managed by us, the purpose of this policy is to:
 - Set out the approach that will be taken by ReSI Housing to requests it receives from shared owners wishing to staircase;
 - Explain clearly what is involved in the process of staircasing, including the fees that shared owners will be required to pay;
 - Set out ReSI Housing's position on staircasing to 100% and on downwards staircasing.

3. Scope

- 3.1. This policy applies to all shared ownership residents, and shared ownership properties managed by ReSI Housing.
- 3.2. All staff, and partner agencies are expected to comply with this policy when working with shared owners.

4. Our Commitment

- 4.1. ReSI Housing will adhere to all relevant legislation, regulatory requirements and best practice when setting and collecting rents.

- 4.2. ReSI Housing will communicate clearly with shared owners in relation to:
- The options available to them to purchase a greater proportion of their home
 - The costs associated with staircasing
 - Their rights and obligations
- 4.3. ReSI Housing will take into account best practice published by the Regulator of Social Housing, National Federation of Housing, and the Council of Mortgage Lenders.

5. Staircasing

- 5.1. Shared owners can buy additional shares in their property.
- 5.2. Shared owners can buy additional shares in the property, this is known as 'staircasing'. Normally the minimum additional share a shared owner can purchase is 10% and then in multiples of 5% e.g. 10%, 15%, 20%. There is no maximum share that can be purchased at one time.
- 5.3. To undertake staircasing a shared owner must have no outstanding arrears on the property (either rent arrears, service charge or ground rent) and must not be in a legal dispute with ReSI Housing.
- 5.4. ReSI Housing may charge an administration fee to undertake the staircasing process. This fee will be set at a reasonable level to cover ReSI Housing's costs in undertaking the staircasing process.
- 5.5. When a shared owner wishes to staircase they must first arrange for an independent RICS valuation. The valuation report must be sent to ReSI Housing with other details relevant to the transaction, such as the share to be purchased and details of the shared owner's solicitor. ReSI Housing will respond to a request to staircase within ten days. ReSI Housing's response will include clear information regarding the next steps in the process, the fees due to ReSI Housing (where applicable) for the staircasing process, and advising of other potential costs.
- 5.6. If the staircasing is not completed while the valuation report is valid (three months from the date of issue) the shared owner will be required to obtain a new valuation report, and the cost of the share will be based on this new report.

- 5.7. The cost of the share to be purchased will be the proportion of the net value of the property that is being purchased. (e.g. for a 10% share in a property with a net value of £200,000 the shared owner will pay £20,000).
- 5.8. The net value of the property is the value of the property less the increase in value caused by any improvements the share owner has undertaken.
- 5.9. When a shared owner purchases an additional share in their property the amount of rent that they are required to pay reduces proportionally. ReSI Housing will send a notice updating the shared owner on the new rent that is due and will update the rent account within 10 days of a staircasing event.
- 5.10. If within 3 months of staircasing, the property is sold for a higher price than the RICS valuation, we may consider claiming back some of the additional profits made.
- 5.11. We reserve the right to undertake appropriate verification of Shared Owners and with particular regard to the raising of funds to purchase additional equity or purchase outright.

6. Final Staircasing

- 6.1. When a shared owner staircases to 100% it is known as their final staircase.
- 6.2. In the majority of cases it will be possible to purchase 100% of the shares and own all the equity in the property. However not all leases allow Staircasing up to 100%. We will check the lease to ensure the Shared Owner can purchase the amount of shares requested.
- 6.3. Once a shared owner owns 100% of their property, they will no longer be required to pay rent, however they will still have to pay any applicable service charges and/or ground rent, to cover the cost of estate management and the maintenance of communal areas.
- 6.4. For shared owners living in flats when they reach 100% ownership, they will become leaseholders. Where the RP owns the freehold of a block of flats, ReSI Housing will continue to be these 'leaseholders' landlord's managing agent, however in some instances another organisation may own the building. In this instance the shared owner will become a leaseholder to this third party, and ReSI Housing will provide both the leaseholder and the building owner with the details required to set-up the relationship.

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7. For shared owners living in houses when they reach 100% ownership they will become freeholders (dependent on the lease), once they have served the relevant notice to ReSI Housing. Estate charges could still apply if the house benefits from communal estate services.

8. **'Simultaneous' staircasing**

- 8.1. Shared owners to undertake simultaneous' or 'back-to-back' staircasing when they purchase a 100% share in their property at the same time as selling it.
- 8.2. For these transactions the process for purchasing the final shares is the same as set out above. However, the value of the share will be based on the higher of the independent RICS valuation or the sale price achieved.
- 8.3. ReSI Housing can require a shared owner to undertake back-to-back staircasing if they do not notify ReSI Housing of their desire to sell their property in the appropriate manner.

9. **Downward staircasing**

- 9.1. Some landlord allow leaseholder to sell shares of their property back to their landlord to reduce the share of the property they own. This is known as 'downward staircasing'.
- 9.2. Downward staircasing option might be offered in an exceptional circumstance if a shared owner is having financial difficulties and is at risk of losing their home.
- 9.3. Downward staircasing option is not a right and it is offered solely at the discretion of the landlord. Shared owners who face financial difficulties will be signposted to independent financial advice in the first instance.
- 9.4. Downward staircasing option is not available to leaseholders who have staircased to 100%.

10. **Shared ownership plus**

- 10.1. Some Shared Owners may have taken this option on purchase. It enables a 1% shared to be purchased at an indexed price each year at the Shared Owner's discretion but limited to the first 15 years at which point the accumulated shares become a standard staircasing.

10.2. The procedures for Shared Ownership Plus are set out in the agreement signed at purchase.

11. Equality and diversity

11.1. This policy should be read in conjunction with ReSI Housing's Equality and Diversity policy.

11.2. We will work to ensure that opportunities to staircase are made available to all people and will not discriminate on the basis of protected characteristics or any other factor.

11.3. We will be open and honest in providing support to staircase or with other options to all of our shared owners.

12. Policy management

12.1. The Board has overall responsibility for this policy.

13. Background documents

13.1. This policy is also informed by the following primary legislation and regulatory documents:

- The regulatory standards - RSH
- Housing and Regeneration Act (2008)
- Landlord and Tenant Act (1987)
- Commonhold and Leasehold Reform Act (2002)

14. Monitoring and review

14.1. The policy will be reviewed every two years, or earlier if required by changes in legislation or regulation.

Last reviewed 20 February 2023