

Staircasing

Email: specialist.homepurchase@southwark.gov.uk

Staircasing: Frequently Asked Questions

Here are some of the most common questions asked by leaseholders regarding purchasing a larger share of their property:

1. What is staircasing?

As your financial circumstances improve, you can apply to buy a larger percentage share, which will make an investment in your home and also reduce the rent you pay. This is called 'staircasing.' Buying out the Council's share giving you 100% of the property is called 'redemption'. You no longer need to pay rent once you have redeemed the Council's share.

If you originally bought either a 25% or 75% share you can staircase up to 85%. If you want to buy more you then have to buy the remaining 15% in one go. This is because buying up to 95% share would leave a balance of 5% and you are not allowed to buy less than a 10% share. If you originally bought a 50% share you can staircase up to full ownership in the minimum 10% increments. You can only staircase up (i.e. increase your share). We do not allow you to staircase down.

2. How do I become eligible to apply?

To apply simply put in writing by email your request to staircase or redeem the Council's share to the Specialist Home Purchase team on the email above.

3. How does it work?

When you inform us that you want to buy an extra share in your home, the Council will conduct a new property valuation to determine its current market value. The property team will contact you to arrange a convenient time to visit your home by appointment between Monday to Friday during business hours. Once this has been received a staircasing offer will be issued to you.

4. What does the staircasing offer include?

The offer includes the market value, the Council's share value, Right to Buy discount (if applicable), your share value and redemption figure. There will be an intention form giving you four options to choose from:

- A) To redeem the Council's share
- B) To request an independent valuation
- C) To staircase to a certain percentage or value
- D) To withdraw

If you select either options A or B you will need to provide your solicitor's details who will act on your behalf to complete the purchase with the Council's solicitors.

You will have four week to respond to your offer. If you wish to accept the offer, you will have to make payment for the extra share to the Council within three months of the acceptance date.

5. What happens when I accept the offer?

Once the Council receives your acceptance form your file will then be forwarded to our solicitors to begin the staircasing or redemption purchase.

6. How much do I need?

It is your responsibility to raise a loan or mortgage to purchase your share with any high street lender or broker. The Council does not offer mortgages and is completely separate from any contracts between yourself and your lender.

7. What if I disagree with the Council's valuation?

You have the right to have the value of your property reassessed by an independent valuer. This will be done at your own cost regardless of whether you decide to accept the offer or withdraw at a later time. The appointment of an independent valuer must be agreed with yourself and the Council. Within your lease an independent valuer must be registered with the Royal Institute of Chartered Surveyors (RICS). The independent valuer's determination is binding on both parties

8. What are the costs involved with staircasing?

There is a non-refundable valuation fee of £190.00 which can be paid on the Council's website. Additionally, just like buying any property there are a number of one-off costs you will need to carefully consider. These include but are not limited to: your own solicitor's fees, bank transfer fees, VAT, land registry charges, mortgage fee or RICS valuation (if applicable).

9. Is staircasing for everyone?

If you are in any rent or service charge arrears you would need to bring these up to date before we can proceed. In addition, you are highly advised to consider carefully the additional costs of your service charge and major work invoices which will increase as you buy a greater share of the property.

10. What happens if I choose to sell the property?

If you wish to sell your property you will first need to redeem the Council's share before you do so. When you tell us you want to sell, we will carry out a valuation to determine the current market value of the share you own. Once the valuation has been agreed the sale will be apportioned based on the shares owned by each party.

11. How long does the application process usually take?

The process usually takes around six months from start to finish.

12. Where can I go for legal advice?

Citizens Advice Bureau offer free advice funded by Southwark Council. They can provide advice and assistance with explaining your rights and responsibilities.