

M&G Affordable Living RP Limited (“MAL”)

Staircasing Policy

Landlord: MAL Affordable Living RP Limited “MAL”

Version: MAL 1.0

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Authors: Director Asset Management

1. Introduction

This policy & procedure aims to explain MAL's process for accommodating shared owners who wish to expand their ownership percentage, commonly known as "staircasing." It provides information on how to navigate staircasing and the requirements involved.

2. Policy Overview

Staircasing allows Shared Ownership residents to purchase additional shares in their property, up to 100% ownership, subject to the terms of their lease. The key principles are listed below.

Eligibility:

Shared owners can staircase at any time after completion, provided their rent and service charge accounts are clear and they meet affordability and anti-money laundering checks.

Restrictions may apply if stated in the lease (e.g., caps on maximum share or nomination periods).

Minimum Share Purchase:

Typically, the minimum additional share is 10%, unless otherwise specified in the lease.

Valuation:

A RICS valuation is required for each staircasing transaction and is valid for 3 months.

Full Ownership:

When staircasing to 100%, lease terms determine whether the property transfers as freehold (usually for houses) or requires lease variation (usually for flats).

Back-to-Back Staircasing:

Shared owners may staircase to 100% and simultaneously sell the property, subject to client approval and compliance with Homes England or GLA guidance.

3. Legal and Regulatory References

- Homes England Capital Funding Guide
- GLA Capital Funding Guide
- Lease Agreement
- Head Lease Agreement
- Section 106

M&G Affordable Living RP Limited (“MAL”)

4. Abbreviations and Definitions

SOM – Shared Ownership Manager

SOT – Shared Ownership Team

HE – Homes England (Governing body for Registered Providers, outside London)

GLA: Greater London Authority (Governing body for Registered Providers, London)

CGF – Capital Funding Guide (Rules for providers delivering affordable housing funded by public money)

AML – Anti-money laundering

MPC: Mortgage Protection Clause

RICS: Royal Institute of Chartered Surveyors

Nomination Period: Timeframe in the lease allowing MAL to nominate a buyer

5. Start of Staircasing process:

- Enquiry from shared owner is received by Shared Ownership Team (SOT).
- SOT send 'Initial Enquiry' email template along with the Application to Staircase form attached. Provide guidance on required documents and summary of costs.
- Add the property details to Case Tracker. This will need to be updated throughout each step of the process.
- Once the completed Application to Staircase form, showing the % the shared owner would like to purchase is received, check rent/service charge account for arrears with Rents team. If clear, proceed with the process. If not, communicate the arrears status and necessary steps to clear them with the shared owner.
- Check lease for any staircasing caps or restrictions, ensure any restrictions are communicated with the shared owner before following the next step.
- Once approved Shared Owner must make payment for their RICs valuation. MAL will be transparent on the cost for this and, once payment has been received, MAL will instruct an approved RICs qualified surveyor to carry out the valuation. The surveyor will provide both us and the Shared Owner with the original report. This report must detail the current open market value and, if applicable, valuations for any improvements.
- Diarise expiry date for RICs valuation as the valuation will need to be updated every three months, the cost of which will be covered by the shared owner.
- Send valuation report and completed Application to Staircase form to the client for approval.
- If grant has been used against the property (HE or GLA) contact will need to be made to either organisation to decide the amount to be repaid or recycled. The client will need to be involved in such discussions.

6 Valuation Approved

- Once valuation has been approved by the client, signpost applicant to approved mortgage brokers to complete an affordability assessment (budget planner) and mortgage broker sign off. (Refer to surplus income policy).
- Full source of funds check, including 3 months bank statements, proof of savings and mortgage offer (if applicable) This will need to be completed for all shared owners and any giftors.
- Review supporting evidence for eligibility and send to client for approval.

M&G Affordable Living RP Limited (“MAL”)

7. Approval to Staircase

- Once approval to staircase has been granted by the client, SOT verifies completeness and update the Staircasing Cases Tracker.
- The SOT will issue Authority to Proceed form which will outline the new monthly costs applicable to the shared owner based upon the additional share % they are purchasing. The shared owner will need to sign the form, along with the SOM and / or the client.
- Request solicitor’s details from the shared owner.
- Instruct chosen solicitor to act on behalf of MAL.
- Prepare draft memorandum of staircasing, this may be required by the shared owner’s lender.

8. Shared owner not eligible to staircase:

- List criteria for disqualification.
- Notify applicants and provide reasons (refer to Homes England or GLA Capital Funding Guide). If reasons relate to AML, refer to AML policy for guidance.

9. During Conveyance:

- In cases where the shared owner is not purchasing all remaining shares, MAL must approve the mortgage offer. The shared owner's solicitor provides a copy of the mortgage offer to the SOT. The SOT review the mortgage offer to ensure it aligns with stipulated conditions. If the offer cannot be approved, the SOT inform the shared owner and their solicitor, specifying the reasons for rejection.
- Once the mortgage offer is approved, the Shared Ownership Team / instructed solicitor sends the ‘Mortgage Offer Approval’ email template to the purchaser's solicitor.
- The SOT verify the valuation's validity prior to completion.
- The completion date for the additional share(s) sale is mutually decided between MAL's solicitors and the shared owner's solicitors.
- The SOT instruct the Rents Team to check the shared owner's charges account to ensure all fees, including rent, service charge, or other charges, are paid up to the completion date.

10. Completion:

- The Memorandum of Staircasing records the purchase of additional shares and must be signed by both the shared owner and the client.
- Depending on the property type, if a shared owner has a flat and staircases to 100%, the lease may require variation to acknowledge the change or a transfer of the lease to the shared owner.
- If the shared owner has a house and reaches 100%, the freehold transfer is typically stipulated in the lease terms.
- Completion statement is required from MAL’s appointed solicitor prior to completion.
- Shared owner pays fee for staircasing to MAL’s solicitor upon completion.
- MAL is informed that completion has taken place.

M&G Affordable Living RP Limited (“MAL”)

- Confirmation emails are sent to shared owners based on their situation. These emails outline the new rent, insurance, and service charge (if applicable) and may include additional information on service contracts, maintenance programs, and other relevant details.

11. Updating the Housing Management System

- Upon receipt of the funds, the Shared Ownership Manager updates the Housing Management System and retains copies of relevant documents.
- Depending on the scenario, adjustments are made to the rent account, freehold interest, shared owner status, and mortgagee details.
- Direct debit collections are modified when shared owners make payments through this method.

12. Policy review

We will review this policy every year to make sure it remains relevant and accurate, or more frequently where:

- Legislation, regulation or industry changes require otherwise, making sure that it continues to meet our aims and industry best practice.
- We identify any problems or failures in this policy or procedure as a result of customer, colleague or stakeholder feedback, complaints, or findings from an independent organisation.
- We become aware of any circumstances which may affect the content of this policy.

13. Version Control

Version	Checked by	Amendments	Date of Approval	Review date
MAL Affordable Living Limited.	Director Fund Management	Policy adoption.	Feb. 2026	Feb 2027