

Uplift calculation

Unregistered Bodies must notify Homes England no less than 14 days in advance of the anticipated occurrence of a relevant event triggering recovery of grant and uplift. This guide includes an uplift calculation worked example for a Shared Ownership staircasing event.

Unregistered Bodies are asked to provide with any uplift calculation:

- Historic Grant Notification form available [here](#)
- Calculation of grant to be recovered including uplift calculation workings
- Valuation showing the value of the whole property at the time of the staircasing event
- In a multiple unit scheme a breakdown of how the grant and total scheme costs have been apportioned between the units in the scheme
- A copy of the lease statement of particulars or completion statement showing the initial share purchased
- For any Shared Ownership property where there has been previous staircasing events a schedule of previous transactions and grant repaid at each staircasing event

Apportionment of grant and costs

Unregistered Bodies must refer to the [Capital Funding Guide chapter 8](#) section 4.1 for full information on apportioning grant.

For the calculation of recoverable grant and uplift, grant must be apportioned using the same methodology as applied at practical completion. The final total scheme costs should also be apportioned using the same methodology as that used to apportion the grant.

Acceptable methods of grant and total scheme costs apportionment for individual shared ownership homes are the following:

- Floor area
- Equal division where properties are similar in size/type
- Market value of the units at practical completion of the scheme

For Strategic Partnerships grant is attributed to a site at practical completion at the prescribed per unit grant rate within the Strategic Partnership Grant Agreement, according to tenure and geography. Strategic Partners can use one of the above methods to apportion the grant attributed to a site on a per unit basis as long as the total apportioned grant of all units is the same as the total grant attributed to the site in IMS.

Glossary of terms used in uplift calculator

- OMV = Open Market Value. This is the independently assessed market value of the whole unit at the time of staircasing
- ATSC = Attributed Total Scheme Cost. This is the final scheme cost input into IMS at practical completion apportioned between the units if a multiple unit scheme (please see above for acceptable methods of

apportionment). ATSC must be apportioned using the same method as that used to apportion the grant. Homes England Strategic Partners should use the Total Costs input into the Completion phase costs and contributions screen apportioned between the units in that completion phase using one of the above methods of apportionment

- AG = Attributable Grant. This is the total amount of grant attributed to the unit apportioned in the same way as the final scheme cost (ATSC above)
- IEP = Initial Equity Proportion. This is the actual initial share purchased by the shared owner
- IV = Increase in Value. For a Shared Ownership unit this is the increase in value not attributable to the first tranche sold
- PS = Percentage Staircased. The additional percentage of equity purchased in this staircasing transaction
- PSP = Previous Staircasing Percentages. This is the total percentages staircased in previous staircasing transactions (after the first tranche sale)
- APU = Agency Proportion of Uplift. This is the proportion of the total value of the uplift that is payable to Homes England

Worked example – Unregistered Body Shared Ownership staircasing event

At the time of first tranche sale the shared owner purchased a 40% share in the home and subsequently makes a staircasing purchase of a further 35% share of their home.

The first tranche sale of a Shared Ownership home is not a relevant event for grant recovery.

The unit received £20,000 apportioned grant and £140,000 of the apportioned scheme costs. The Open Market Value of the unit at the time of staircasing is £170,000.

Step 1

The first step the Unregistered Body must take is to calculate the grant attributable to the share being purchased.

Grant attributable to the home = £20,000

Share sold at point of first tranche sale = 40%

The grant of £20,000 is therefore attributed to the provider's 60% share

Additional share to be purchased = 35%

This is equivalent to 58.33% of the original 60% provider share (35% / 60%)

Recoverable grant = £11,666 (£20,000 x 58.33%)

Please note: the percentage in this example is rounded to 2 decimal points for ease of illustration, but providers are recommended to use the unrounded percentage in their calculations.

Step 2

The second step is to calculate the Increase in Value.

If this is the first staircasing event after the first tranche sale then the following calculation will need to be used:

$$IV = (100\% - IEP) \times (OMV - ATSC)$$

If there has been previous staircasing events after the first tranche sale then the following calculation will need to be used:

$$IV = (100\% - IEP - PSP) \times (OMV - ATSC)$$

Where:

IV = Increase in Value

OMV = Open Market Value

ATSC = Attributable Total Scheme Costs

IEP = Initial Equity Proportion

PSP = Previous Staircasing Percentages

Worked example

Open Market Value = £170,000

Attributable Total Scheme Costs = £140,000

Initial Equity Proportion = 40%

$$\begin{aligned} \text{Increase in Value} &= (100\% - 40\%) \times (£170,000 - £140,000) \\ &= 60\% \times £30,000 \\ &= £18,000 \end{aligned}$$

Step 3

The third step is to take the Increase in Value and calculate the Agency's Proportion of this.

If this is the first staircasing event after the first tranche sale then the following calculation will need to be used:

$$APU = (AG / ((100\% - IEP) \times ATSC)) \times (IV \times PS)$$

If there has been previous staircasing events after the first tranche sale then then following calculation will need to be used:

$$APU = (AG / ((100\% - IEP - PSP) \times ATSC)) \times (IV \times PS)$$

Where:

APU = Agency's Proportion of Uplift

AG = Attributable Grant

IEP = Initial Equity Proportion

ATSC = Attributable Total Scheme Costs

IV = Increase in Value

PSP = Previous Staircasing Percentages
PS = Percentage Staircased

To aid understanding we have broken the workings of this example into two stages.

Worked example:

Attributable Grant = £20,000

Initial Equity Proportion = 40%

Attributable Total Scheme Costs = £140,000

Increase in Value (as calculated above) = £18,000

Percentage Staircased = 35%

$$\begin{aligned}\text{Agency's Proportion stage 1} &= (\text{AG} / ((100\% - \text{IEP}) \times \text{ATSC})) \\ &= (£20,000 / ((100\% - 40\%) \times £140,000)) \\ &= (£20,000 / ((60\%) \times £140,000)) \\ &= £20,000 / £84,000 \\ &= 23.81\%\end{aligned}$$

Please note: the percentage in this example is rounded to 2 decimal points for ease of illustration, but providers are recommended to use the unrounded percentage in their calculations.

$$\begin{aligned}\text{Agency's Proportion stage 2} &= 23.81\% \times (\text{IV} \times \text{PS}) \\ &= 23.81\% \times (£18,000 \times 35\%) \\ &= 23.81\% \times £6,300 \\ &= £1,500.03\end{aligned}$$

Step 4

The fourth step is to add the Agency's Proportion of Uplift onto the recoverable grant from step 1.

APU + recoverable grant = £1,500.03 + £11,666 = £13,166.03

Total recoverable grant and uplift payable to Homes England = £13,166.03