

# Action urgently needed to free 47 Hayle households stuck in shared-ownership trap

NEARLY 50 homeowners at an affordable housing scheme in Hayle have been 'trapped' by changing circumstances. They now find themselves in unmortgageable properties – unable to sell-up and move house – while their escalating ground rent is being paid to a tax-haven based landowner.

Back in 2007, a developer from Truro, THF Ltd, won praise for the 47 properties at Pentowan Gardens when its shared-ownership model enabled the first local occupants to move in and get a foot on the housing ladder.

Under THF's formula, homes were offered to local people via 999-year shared equity leases, enabling purchase at around 60% of their market value. This covered the building costs while a small weekly rental went to the developer as landlord/freeholder. The homes were intended to remain affordable in perpetuity as they can only be sold for the same percentage of the property value at which they were bought, to people with a local connection and housing need.

THF's pioneering scheme was subsequently replicated at other developments by the company in Cornwall.

But the credit crunch and financial crash circa 2010 saw the firm ultimately dissolved, while its freehold of the Pentowan Gardens estate was sold on several times.

The owner is now a holding company registered in the British Virgin Islands.

This has created problems for the homeowners and potential purchasers. With the landlord being an offshore private company, mortgage providers won't lend.

Rachel Neve is a single parent who has lived in Pentowan Gardens since 2014. Although she is not currently looking to move, she says she is 'basically trapped'; should she wish to remortgage, her only option would be through her existing provider, leaving her unable to shop around for better rates and with 'literally a choice of nothing'.

In 2007, new residents were paying around £20 a week or roughly £1,000 a year in ground rents. But this increases in line with the Retail Price Index, a measure of inflation. The rental amount now stands at approximately £1,500 per annum.

## PROFIT, NOT PEOPLE

"Ground rent increases year on year so eventually the rent is going to overtake the mortgage payments," Rachel continued.

"When I moved in, it was affordable and the ground rent was manageable – none of these things are the case today.

"We basically need a socially responsible landlord based in the UK, not an offshore investment company that's only interested in profit, not people," she added.

It is not just the residents who have been stung by the situation; other low-paid local people have suffered too.

Amelia James is a social worker living in a shared-ownership scheme in a nearby village. She is desperate to move to Hayle and, meeting the criteria, spent months and hundreds of pounds in an effort to buy a Pentowan property.



**RESIDENTS of increasingly unaffordable, near-impossible to purchase and unmortgageable social housing in Hayle are among at least 70 households in Cornwall who need their offshore-based private landlord to become a Registered Social Landlord.**

"It's very expensive being poor," she explained. "On the open market estate agents do the valuation for free but when you are in shared-ownership, every time you want to sell your property it costs £300 to get a valuation and then there are survey fees and legal costs."

Amelia says the deal fell through when her 'amazing solicitor' found out the house she wanted to buy was 'unmortgageable'.

"Lenders wanted to know the leasehold was through a reputable UK company and they're not – their accounts are in the British Virgin Islands," she said.

"I had to walk away."

In all, Amelia says the failed sale and purchase cost her over £1,000. It was the third time she had sought to move.

"I feel very upset about the money I've lost – who has £1,000 to throw out?" she asked.

The problems of Pentowan are now firmly on the radar of the local councils. Residents have held an open public meeting in Hayle's Passmore Edwards building and homeowner Ross Trehwella has twice attended Hayle Town Council's meetings to highlight the situation.

He has explained that since the financial crash and recent negative publicity around leaseholds, lenders will not lend on shared ownerships where the landlord is a private company. They will only lend if the freeholder is a Registered Social Landlord, such as Cornwall Council, Coastline or Ocean Housing.

That is why Pentowan's residents have been lobbying their landlord to either become a Registered Social Landlord (RSL) or sell to one in order to render the properties mortgageable again. Cornwall Council has also sought to purchase the freehold, but Mr Trehwella says, the current owner is asking for an unacceptably high price, far above the market value.

"It is unfair we have this private offshore landowner not prepared to do anything about this," he said.

## SHOULD BE CONCERNED

He told town councillors that the mortgage issue is 'one that's not sustainable' as potential purchasers could only be cash-buyers who meet the Section 106 requirements of a local connection to Hayle having a registered local housing need.

With Cornwall's low wages it's an unlikely prospect.

"You have a sizable affordable housing development in Hayle that's not affordable unless you can buy outright," Mr Trehwella told local councillors at a recent meeting. "I would hope Hayle Town Council should be concerned about that."

He thinks the landlord company will never relinquish control of its investment at a fair price nor become a RSL. "We find ourselves in a very difficult situation," he said, urging town councillors to write to Cornwall Council, the local MP and Government on their behalf.

Mr Trehwella was among the first to move into the estate but knowing what he now does, and how the problems had been foreseen, he

says he well might have had pause for thought.

In 2019, Alice Baker was one of the last to manage to buy a property in the street, but she says the mortgage company was very unhappy with the Section 106 arrangements. A relative of hers has lived on the estate much longer and she now knows there have been issues with the freehold, such as 'other unfair fees', with the situation being 'unfair all along'.

The inability for the householders to purchase a larger proportion of their property is a big problem for her. It's 'really unusual not to be able to staircase' in shared ownership, she says, and that is something that 'would be sorted out if Cornwall Council took on the freehold'.

The Cornwall Councillor for the area, Lionel Pascoe, attends Hayle Town Council's meetings and has given some indication of the difficulties Cornwall Council is having in seeking to negotiate a solution: "The worst of it, is that this is not just Pentowan, we've got other estates that we know about that are in the same boat," he said.

## AT LEAST 70 HOUSEHOLDS

The original developer built Ellis Meadow in nearby Connor Downs and Mount Hawke's Beacon View. These are also now owned by the same offshore interests. That means the problems affect at least 70 households in Cornwall, counting just the former THF Ltd developments.

Two-thirds of the schemes gained planning approval under the old district councils and at least two of the three developments were initially refused – only granted on appeal by the Planning Inspectorate – thereby limiting local planning authority influence on the original Section 106s and tenure.

The Government has taken action in recent years to regulate the leasehold system and ground rents. But its reform bill only applies to new, qualifying long residential leasehold properties; no help has yet been forthcoming for existing leaseholds in developments such as Pentowan Gardens.

The reforms came amid opposition from the largest freehold-owning organisations in the country, one of which – a family trust thought to own or manage some hundreds of thousands of residential properties in the UK – Pentowan residents believe is the ultimate beneficiary of the offshore companies that now own and manage the estate's freehold rights.

All three of the troubled former THF Ltd developments are in the Camborne and Redruth Constituency of Hayle's MP George Eustice.

## SECRETARY OF STATE

In that capacity, Mr Eustice has written to The Rt Hon Michael Gove, who heads up the Government's Department for Levelling Up, Housing and Communities, requesting an urgent intervention in the matter.

The MP has asked the Secretary of State to look at a mechanism whereby landlords, such as the freeholder of Pentowan Gardens, can be compelled to take the measures

needed to make themselves more acceptable to mortgage providers.

Hayle Town Council has been told of this, and the town's Mayor, councillor Steven Benney, said to councillors that he is 'extremely pleased to hear that Cornwall Council is working pro-actively to resolve this'.

Cllr John Bennett asked Mr Trehwella what the Pentowan Gardens residents wanted from 'the humble Hayle Town Council'. In reply he was told: "We need all the help – however humble – we can get."

At its March 3rd meeting, the town resolved to write to Hayle's MP, Mr Eustice, expressing Hayle Town Council's support for the Pentowan Gardens residents and interventions on their behalf. The letter was also sent to Cornwall Council and the Secretary of State.

But some are sceptical as to whether steps will indeed be taken to save the social housing residents from their plight.

"I'm a social worker," Amelia James said, "I could see that all these people over there in Pentowan are in a vulnerable position. They'll never be able to get a mortgage, never be able to sell, never pass on their legacy to their children and grandchildren."

She added: "I fear nothing will happen, I really do."