



House of Commons  
London SW1A 0AA

The Rt Hon Michael Gove MP  
Secretary of State for Levelling Up, Housing and Communities  
Department for Levelling Up, Housing & Communities  
2 Marsham Street  
London  
SW1P 4DF  
United Kingdom

31<sup>st</sup> January 2022

Dear Michael,

**RE: Pentowan Gardens Estate, Loggans, Hayle, TR27 5AZ**

I am writing to you on behalf of 9 of my constituents following correspondence I have received concerning the sale of the management rights of Section 106 housing located in the Pentowan Gardens estate in Loggans, Hayle to a company called Rockford, which is based in the Virgin Islands.

Several of my constituents have written to my office recently following their difficulty in obtaining a mortgage for a Section 106 housing in the Pentowan Gardens estate, which is located within my constituency. I understand from one constituent that despite various attempts to contact several different mortgage brokers through her solicitor, she discovered that the management company that looked after the properties is not considered a 'legitimate social housing company'. This meant that her attempts to get a mortgage was unsuccessful as the mortgage brokers felt that the management company, Rockford, did not meet the basic requirements and, as a result, was seen as too high risk.

My constituents have explained that when the properties were originally built, the social management company was a local legitimate company based in Truro. However, in the proceeding 16 years, the management rights have been sold twice and are now owned by Rockford, which- according to the constituent- are based off-shore in the Virgin Islands. The group have raised concerns that there are already enough barriers preventing local people from obtaining affordable housing without issues obtaining a mortgage that are outside of their control. Furthermore, it is worth highlighting that if it is indeed the case that Rockford is based offshore in the Virgin Island, it is likely that they would not be fulfilling the same tax obligations as a UK based company.

Regrettably, Cornwall Council cannot directly force a resolution to this issue, as the freehold is (legitimately) owned by a private investment institution who are entitled to retain or sell on to a further institution as they see fit. Furthermore, as the schemes were granted



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permission at appeal, they are not accompanied by the council standard Section 106 planning conditions, meaning that their ability to intervene in planning terms is further curtailed.

In efforts to resolve this for the residents over the last four or so years, the Council has made multiple attempts to negotiate the acquisition of the freehold from the successive investment companies. As a Registered Provider, the Council would be able to grant a compliant new lease to the owners, which would make the properties mortgageable again – and also insert new, more reasonable ground rents/services capped using the current industry standard calculation. From conversations I have had with them, I understand they are extremely keen to resolve this issue for the benefit of the 70+ households affected in Cornwall.

However, much to the Council's regret, the investment firms always attach a considerable value to their capital investment and to date they have never been able to negotiate a sale to the Council for a reasonable value. Other than the extreme position of moving towards CPO (which in itself is extremely costly and risky to the Authority), they do not have the ability to compel the investment companies to sell. I understand that Cornwall Council has commissioned a third-party Real Estate expert to act for them in a further attempt recently; whilst Rockwell has responded to the Council's approach, their aspirations of value remain extremely high.

I would be most grateful if you would look into the concerns that my constituents have raised above and let me have your comments, so that I may respond to my constituent in greater detail. I would be particularly grateful if you would consider introducing a new mechanism to allow for companies that engage in the practice, as detailed above, to be compelled to either sell the management rights or set up locally and there-by become acceptable to mortgage providers. Given the wider housing shortage, I would be most grateful for your urgent intervention in this matter.

Please do not hesitate to get in touch if you would like further information or would like to discuss this issue in greater detail. If needed, my office is happy to share more detail on the individual cases themselves.

Kind regards,

A handwritten signature in blue ink that reads "George Eustice".

**Rt Hon George Eustice MP**