

# **Pentowan Gardens**

## Summary of issues

### **Background:**

Pentowan Gardens is a development of 47 properties in Hayle based on a shared ownership model. The freehold was originally held by the developer (THF Limited, Truro) who also acted as a private landlord. The current landlord/freeholder is Rockwell (FC100) Limited in the British Virgin Islands. (For more details of the freehold ownership, see Appendix A).

Homeowners own their properties on a 999 year leasehold. To be able to purchase a property, potential buyers need to meet the requirements of the s106 agreement (dated 2004) by having a local connection to Hayle and be registered as having a local housing need. Ground rents (currently approximately £1500 per year, increasing by the RPI annually) are paid to the landlord through their managing agent (Estates and Management Limited). The properties are supposed to remain affordable in perpetuity and can only be sold for the same percentage of the full market value at which they were purchased, in the region of 60%.

### **The issues:**

Homes in Pentowan Gardens (along with Ellis Meadow, Connor Downs and Beacon View, Mount Hawke) are un-mortgageable because the landlord is a private, offshore company based in the British Virgin Islands. Lenders will currently only lend on shared ownership leaseholds where the landlord is a Registered Social Landlord (RSL).

The Government has taken action over recent years to regulate leaseholds, but so far no help has been forthcoming for developments such as Pentowan Gardens.

Since the financial crash and recent negative publicity around leaseholds, no lenders will currently lend on properties in Pentowan Gardens. This means:

- current owners are unable to sell;
- current owners are unable to re-mortgage with a new provider;
- potential buyers are unable to purchase a property unless they meet the local residence requirements and have cash to purchase a property outright;
- people inheriting properties are unable to sell them.

## **Potential remedies:**

### **Landlord becomes a Registered Social Landlord**

This can either be the current landlord becoming a RSL themselves or selling to one. This would render the properties mortgageable again. All the existing terms of the lease would remain, at least initially.

### **Enfranchisement**

This effectively means buying the freehold for the property. No ground rent would then be payable. This would cost each household in the region of £30,000. No homeowner has yet to successfully do this. There is also a major downside: the homes could still only be sold for the percentage of the market value they were purchased at, so it would mean a considerable loss for most residents.

## **Actions taken so far:**

Cornwall Council has explored both remedies above.

Greg Oldrieve from Vickery Holman has been contracted by Cornwall Council to resolve these issues. He has been authorised by Cornwall Council look into potentially purchasing the freehold, but the current owner is asking for an unacceptable price, far above the market value.

Cornwall Council could choose to enforce a Compulsory Purchase Order, but have so far not done so. This is a lengthy process and the freeholder could appeal.

Homeowners are currently lobbying the landlord to either become a Registered Social Landlord or sell to one. To date, no commitments have been made by the landlord.

George Eustice MP has written to Michael Gove, Secretary of State for Levelling Up, Housing and Communities asking him to look at a mechanism to compel landlords such as the freeholder of Pentowan Gardens to sell to a RSL. No reply has currently been received.

## **For further information, please contact:**

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**Appendix A:  
A History of the Pentowan Gardens Freehold**

**2007**

Pentowan Gardens developed and first occupants move in. The developers, THF Limited (Company number 04762746) own the freehold and are the landlord for the shared ownership. Ground rent is paid directly to them.

**24/02/2009**

THF Limited renamed THF NO1 Limited.

**20/07/2010**

Shares of THF NO 1 Limited transferred to the Grangeford group of companies. Directors Michael Gubbay and Sol Levi.

**21/07/2010**

THF NO 1 Limited renamed Grangeford (107) Limited.

Regent Property Management appointed managing agent and act on behalf of the landlord to collect the ground rent. Regent PM is also owned by Michael Gubbay.

**09/01/2014**

Ownership of the freehold of the Pentowan Gardens estate (Title number CL139163) transferred to Tuscola (FC100) Limited registered in the British Virgin Islands (Company number 1611665).

It is claimed that this "transfer is within common ownership for the purposes of the Section 5 rules so advance notices were not required to be served". (Letter to Pentowan Gardens residents 07/02/2014). The Tuscola group of companies is also controlled by Michael Gubbay.

Tuscola (FC100) Limited pay Grangeford (107) Limited £1,250,000 for the freehold of the Pentowan Gardens estate (Title number CL139163). They also pay an additional £274,040 for additional land on the west side of Loggans Road (Title number CL216200).

Regent PM remains the managing agent for collection of ground rent.

**23/10/2018**

The Tuscola Group of companies in the British Virgin Islands are placed into liquidation. Mark McDonald and Matt Richardson of Grant Thornton (British Virgin Islands) Limited are appointed as Joint Liquidators.

**19/12/2019**

Shares of Tuscola (FC100) Limited are transferred to new owners.

Tuscola (FC100) Limited is renamed Rockwell (FC100) Limited. The company continues to be based in the British Virgin Islands.

**28/12/2019**

Residents of the Pentowan Gardens estate are informed of the new landlord and that Estates & Management Limited are the new managing agent for the collection of ground rent.

The Rockwell group of companies and Estates and Management share directors. They are ultimately controlled by Consensus Business group which administers assets on behalf of the Tchenguiz Family Trust.