

Meeting: Cabinet

Date: 19 August 2025

Wards affected: Wards in Torquay and Paignton

Report Title: Turnkey acquisitions for social housing

When does the decision need to be implemented? Following satisfactory due diligence

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1. Purpose of Report

- 1.1. To provide the necessary officer delegations to enable the turnkey acquisitions of 14 homes (and associated freehold) at Site A in Torquay, and 4 homes (and associated freehold) at Site B in Paignton. The proposed acquisitions are in line with the Council's Housing Strategy delivering affordable housing for social rent, as outlined in Exempt Appendices 1-3.

2. Reason for Proposal and its benefits

- 2.1. Torbay faces acute housing challenges making it difficult for households on typical local incomes to secure affordable, quality homes.
- 2.2. Torbay needs more affordable homes. Devon Home Choice data shows 1,600 households with a local connection to Torbay, need social housing and with the Council supporting approximately 160 households at any given time in a range of forms of Temporary Accommodation. Existing stock and limited new supply cannot meet this need and results in high revenue costs for the council.
- 2.3. The Council's Housing Delivery Plan provides the context for a range of interventions including the Town Centre Regeneration Programme and the Accommodation Repurposing Programme (including 'Hotels to Homes'). The Delivery Plan also proposed, where appropriate, 'Off The Shelf' purchases of homes for tenure conversion through Homes England grant delivering additional social housing.
- 2.4. In line with this strategy two new build developments in Torquay and Paignton have been identified (referred to as Site A and Site B respectively, as identified in Exempt Appendices

2 and 3), where there is an opportunity to undertake a turnkey purchase of 14 and 4 homes respectively.

- 2.5. The purchases represent all units at each site and include the freehold. Both schemes have been marketed for sale no sales have taken place at either location. Both are well-located brownfield redevelopments and are highly sustainable; overall, the schemes provide 1, 2 and 3-bedroom homes, which ideally suits the urgent need identified in Torbay for social housing. The schemes also provide allocated, off-road parking, improvements to Biodiversity Net Gain, secure cycle, bin and waste storage, and a mix of private and communal gardens for residents.
- 2.6. Construction of the new homes is almost complete. Negotiations with the developers offer the Council with an opportunity to secure a significant number of new affordable homes in-year, at very good value for money, with very little commercial risk. The business case assumes re-homing of households (particularly families) currently living in Temporary Accommodation or care experienced young people.
- 2.7. The Council has bid for grant funding from Homes England to subsidise the purchase and enable the homes' tenure conversion to social rent. The outcome of our bid is expected at the end of summer and officers anticipate that the funding request is likely to be supported. The grant will be used in combination with internal financial resources and prudential borrowing from within the £20m headroom approved by Cabinet and Council in May 2025. The income generated from the social rents of the properties to the new tenants will cover the cost of long-term financing of the capital debt.
- 2.8. In the unlikely event that the Council is unable to secure an appropriate level of Homes England funding the acquisitions will not proceed as it would not be viable to deliver social rented housing without subsidy (although this is considered unlikely).
- 2.9. This proposal supports several key local and national strategic aims:
- Torbay Council's Housing Strategy: The scheme directly contributes to the objective of "delivering more, better and affordable homes" by unlocking new supply and promoting inclusive growth.
 - Torbay Local Plan: It supports policy aims around sustainable development, brownfield land use, and meeting identified housing needs.
 - Community & Corporate Plan; The proposed scheme addresses Pride in Place priorities and outcomes including the number of affordable homes and social rented homes delivered.
 - Housing Delivery Plan: The Delivery Plan (First Review) specifically recognises the value of acquiring such schemes to meet local needs through delivery streams NSH2 and NSH3.
 - Provision of accommodation for care experienced young people.

- 2.10. This proposal represents a cost-effective and timely opportunity to deliver against multiple strategic objectives. Supporting this proposal demonstrates the Council's willingness to strengthen its response to local housing pressures.

3. Recommendation(s) / Proposed Decision

3.1. That Cabinet:

1. Provide delegated authority to the Director of Finance, in consultation with the Cabinet Member for Housing and Finance, and the Director of Pride in Place, to acquire 14 homes at Site A and 4 homes at Site B, as located in Exempt Appendices 2 and 3 for affordable housing, subject to the satisfactory completion of all due diligence and securing an acceptable allocation of grant funding from Homes England.
2. To fund the required long-term borrowing from the £20m prudential borrowing headroom agreed by Full Council in May 2025, and utilise an allocation of internal affordable housing capital funding for each site as proposed in Exempt Appendix 1 to reduce prudential borrowing and deliver a viable scheme overall, with delegation to the Director of Finance, in consultation with the Cabinet Member for Housing & Finance to agree the precise mix of internal funding sources from relevant existing approved budgets.
3. Provide delegated authority to the Head of Strategic Housing & Delivery to seek the maximum amount of grant funding that is considered reasonable and likely from Homes England.
4. Provide delegated authority to the Head of Strategic Housing and Delivery, in consultation with the Director of Finance, to finalise terms to acquire the developments.
5. Provide delegated authority to the Chief Executive, in consultation with the Leader of the Council, to make the final decision as to the split of the properties between those in temporary accommodation and care experienced young people.

Appendices

- a) Exempt Appendix 1 – Full Business Case
- b) Exempt Appendix 2 – Location Plan of Site A
- c) Exempt Appendix 3 – Location Plan of Site B

Background Documents

3. Introduction

- 3.2. Torbay faces significant and compounding housing challenges. While the area is nationally renowned for its natural environment and appeal as a tourism destination, these attributes mask entrenched issues of housing unaffordability, deprivation, and inequality.
- 3.3. The area faces a range of housing challenges which include:
- A lack of affordable housing: There is a significant shortfall of homes available for social rent.
 - Provision of accommodation specifically for care experienced young people.
 - Stagnant housing delivery: Privates sector led delivery has slowed in recent years due to individual site constraints, the limited availability of unconstrained, developable land, the high cost of build and build finance, and high costs of mortgages.
 - High housing demand and unmet need: 1,600 households are typically registered on Devon Home Choice with a need for social housing in Torbay at any given time. This includes growing numbers of families, older people, single-person households, and those facing eviction or unsuitable living conditions.
 - Increased reliance on temporary accommodation: The Council has seen a trend of rising homelessness presentations. Whilst the number of households requiring support at any given time has stabilised at approximately 160, it is difficult to reduce these numbers as a result of very limited new social housing stock, and the general poor quality, expense and lack of good quality private rented sector housing. This leads to high revenue costs to the Council in securing short-term, unsustainable temporary accommodation solutions for those in urgent need.
 - Poor housing quality and hidden homelessness: A significant proportion of Torbay's housing stock is older and in poor condition, particularly in the private rented sector. This has led to health inequalities, increased fuel poverty, and greater demand on local health and social care services.
- 3.4. These factors combined are creating a housing system under severe strain, with consequences that extend beyond bricks and mortar that impact upon educational attainment, community wellbeing, public health, and economic prosperity.
- 3.5. By securing the schemes identified in Exempt Appendices 1 and 2, the Council can ensure that the pace of affordable housing delivery in Torbay increases rapidly, and in a way the helps meet the identified need of households we are forced to accommodate in unsustainable forms of Temporary Accommodation, at high cost.

4. Options under consideration

4.1. In developing these proposals, the Council has two options:

- 4.2. **Option 1** Is to proceed with the acquisition of the Sites A and B, to deliver 18 new homes and enable their conversion for social rent, to be let to households currently living in Temporary Accommodation, other forms of emergency/supported housing or care experienced young people. As both schemes are below Torbay's threshold of 15 homes, neither scheme would otherwise provide affordable housing tenures – the Council's intervention therefore significantly enhances the benefit of the projects to the community in Torbay.
- 4.3. To proceed, the Council has bid for (and expects to secure) and allocation of grant from Homes England. As the national body charged by government with delivering affordable housing, Homes England are very keen to work with Torbay Council to increase the new supply of affordable tenure homes.
- 4.4. **Option 2** would be to not to proceed with the purchases and walk away from the opportunity to bring forward sites into public to support the local housing market. This will avoid capital risk; but will not improve the housing situation and will be less likely to secure delivery of the site to meet Local Plan targets in the short-medium term. It would also be reputationally damaging for the authority in respect of acquisitions that have wide political support and is supported for this use by the vendors. It would also mean Torbay misses an opportunity to increase its social housing stock.
- 4.5. Officers have extensively considered the implications of this proposal over recent weeks, both positive and negative. Whilst it must be highlighted that there is a degree of risk involved with any commercial transaction of this nature, officers recommend that Cabinet proceed with Option 1 to acquire these homes for social housing, to deliver positive outcomes and contribute towards a reduction in revenue expenditure overall in respect of the cost of Temporary Accommodation provision.

5. Legal Implications

- 5.1. The Council will be entering into a commercial arrangement to purchase assets on the open market. Any such purchase comes with a degree of risk. To manage this external conveyancers have been appointed to undertake the conveyance for the Council, and the transactions will not proceed unless and until the relevant due diligence has been undertaken to a satisfactory conclusion and identified risks are sufficiently mitigated. The Council will also employ an independent firm of surveyors to inspect the properties and undertake 'snagging' assessments before any acquisition proceeds.
- 5.2. Once we have exchanged contracts, the Council will not be able to withdraw from the purchase without penalty.
- 5.3. Once ownership has transferred to the Council, the Council will be responsible for the management of the homes. The Council's Housing Manager will be responsible for

ensuring a safe lettings process is undertaken, and that all appropriate compliance checks are undertaken as and when required.

6. Engagement and Consultation

- 6.1. The public were consulted on the principle of the schemes as part of the planning process, with relevant comments used by the Planning team to inform the end design and composition of the approved schemes.
- 6.2. The Head of Strategic Housing & Delivery has extensively briefed the Portfolio Holder for Housing and Finance on the schemes, and remaining Cabinet members are also aware of the proposals.
- 6.3. The Shadow Cabinet Member has also been briefed and has indicated support.
- 6.4. Senior Council officers have also been extensively involved in working up the proposals with detailed discussions on the mechanics of the deal and principle of the proposal at numerous meetings. Capital & Growth Board have also endorsed the proposal.

7. Procurement Implications

- 7.1. Property transactions, such as land and residential property acquisitions, are exempt from the Public Contracts Regulations 2015. Therefore, a formal competitive procurement procedure is not required.
- 7.2. However, the Council will still comply with its own internal Contract Procedure Rules and demonstrate best value in line with the Local Government Act 1999, this includes:
 - Evidence that the acquisition represents value for money;
 - A clear and transparent decision-making process;
 - Appropriate financial and legal due diligence.
- 7.3. The Council has obtained a Red Book valuation for the sites, this is an essential requirement for any Homes England bid for turnkey acquisitions and demonstrates good value for money for the public purse. The negotiated purchase price is beneath this valuation.
- 7.4. The Council has appointed an external conveyancing firm to act on its behalf in managing the legal aspects of the transaction.

8. Protecting our naturally inspiring Bay and tackling Climate Change

- 8.1. The developments identified in Exempt Appendices 1 and 2 are new build homes that are both low-carbon and environmentally sustainable, while preserving the character and

ecological integrity of the Bay through delivery on brownfield sites, in locations where car ownership will not be essential.

- 8.2. The developments will be delivered in accordance with current best practice in sustainable construction and environmental protection, delivering:
- Energy-efficiency: The development have been designed to at least meet minimum Building Regulations, all meet or exceed Nationally Described Space Standards (NDSS) with a focus on enhanced fabric performance (insulation, air tightness, and glazing) to reduce energy consumption and fuel poverty.
 - As these developments are largely complete, Torbay Council has not been able to influence the design however in the case of Scheme A all units include air source heat pumps together with high levels of insulation which will ensure an EPC B rating can be achieved. Scheme B utilises a more traditional gas boiler system for space and water heating, albeit an ultra modern system, combined with a very high thermally performing building will still lead to a positive outcome overall.
 - Sustainable transport: Provision for secure bicycle storage and good access to public transport will reduce car dependency, in line with sustainable travel objectives.
- 8.3. Climate change disproportionately affects vulnerable populations, including homeless households and displaced households. Providing safe, secure, and energy-efficient housing contributes to climate resilience by reducing exposure to extreme weather conditions; helping low-income households better manage rising costs; and support equitable access to housing that meets modern environmental and health standards.

9. Associated Risks

- 9.1. There are risks associated with any commercial activity. The risks associated with this scheme are described throughout this paper and the Exempt Appendices.

10. Equality Impact Assessment

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
Age	<p>18% of Torbay residents are under 18 years old.</p> <p>55% of Torbay residents are aged between 18 to 64 years old.</p> <p>27% of Torbay residents are aged 65 and older.</p> <p>Homes will be let specifically to our existing cohort of households currently occupying Temporary Accommodation. In respect of family-sized homes, this will include children (of all ages). For 1-bedroom homes, households that benefit could be any age, over 18.</p>	<p>Due to the client group to be targeted, this project is likely to provide a particular benefit to young families in unsustainable temporary accommodation. The benefits of providing permanent social housing for families with children should not be underestimated.</p> <p>Some of the single bedroom accommodation will be directed towards couples/singles in Temporary Accommodation or care experienced young people, where the Council still retains a duty of support.</p>	Not applicable	Not applicable
Carers	At the time of the 2021 census there were 14,900 unpaid carers in Torbay.	Lettings would be focussed on households currently occupying	Not applicable	Housing Management

	5,185 of these provided 50 hours or more of care.	Temporary Accommodation, which could include carers.		
Disability	In the 2021 Census, 23.8% of Torbay residents answered that their day-to-day activities were limited a little or a lot by a physical or mental health condition or illness.	Due to being new-build properties, the buildings will adhere to Building Regulations. Any additional support needs would be assessed at the time of letting the properties. As the proposal is to purchase off the shelf, it is not possible to facilitate adaptations as part of construction. However, the fact that so many homes are on the ground floor with independent access is a positive benefit to those with limited mobility; furthermore, it would be possible (within reason) to undertake retrospective adaptations to stock once households have moved in.	Not applicable	Not applicable
Gender reassignment	In the 2021 Census, 0.4% of Torbay's community answered that their gender identity was not the same as their sex registered at birth. This proportion is similar to the Southwest and is lower than England.	Homes will be allocated to vulnerable households in Temporary Accommodation which could include households with a range of protected characteristics.	Not applicable	Not applicable
Marriage and civil partnership	Of those Torbay residents aged 16 and over at the time of 2021 Census, 44.2% of people were married or in a registered civil partnership.	Homes will be allocated to vulnerable households in Temporary Accommodation which could include households with a range of protected characteristics.	Not applicable	Not applicable

Pregnancy and maternity	Over the period 2010 to 2021, the rate of live births (as a proportion of females aged 15 to 44) has been slightly but significantly higher in Torbay (average of 63.7 per 1,000) than England (60.2) and the South West (58.4). There has been a notable fall in the numbers of live births since the middle of the last decade across all areas.	It is entirely possible that the family-sized housing may benefit households that include a pregnant woman, or with a recently born child. Arguably, one of the greatest benefits of this proposal is its ability to provide a good quality, safe, secure and permanent home for families with children of all ages.	Not applicable	Not applicable
Race	In the 2021 Census, 96.1% of Torbay residents described their ethnicity as white. This is a higher proportion than the South West and England. Black, Asian and minority ethnic individuals are more likely to live in areas of Torbay classified as being amongst the 20% most deprived areas in England.	Accommodation which could include households with a range of protected characteristics.	Not applicable	Not applicable
Religion and belief	64.8% of Torbay residents stated that they have a religion in the 2021 census.	Accommodation which could include households with a range of protected characteristics.	Not applicable	Not applicable
Sex	51.3% of Torbay's population are female and 48.7% are male	Accommodation which could include households with a range of protected characteristics.	Not applicable	Housing Management
Sexual orientation	In the 2021 Census, 3.4% of those in Torbay aged over 16 identified their sexuality as either Lesbian, Gay, Bisexual or, used another term to describe their sexual orientation.	Accommodation which could include households with a range of protected characteristics.	Not applicable	Not applicable

Veterans	In 2021, 3.8% of residents in England reported that they had previously served in the UK armed forces. In Torbay, 5.9 per cent of the population have previously served in the UK armed forces.	Theoretically, affordable housing is more likely to be available to former service personnel and their families, as there is a degree of preference awarded to such households when they join the housing register or make a homeless application to a local authority.	Not applicable	Not applicable
Additional considerations				
Socio-economic impacts (Including impacts on child poverty and deprivation)		Significant benefits are achieved through this proposal, as outlined throughout.	Not applicable	Not applicable
Public Health impacts (Including impacts on the general health of the population of Torbay)		By providing suitable, safe, and warm affordable housing we can lower public health impacts and improve the health of occupants.	Not applicable	Not applicable
Human Rights impacts		This proposal directly contributes towards the aspirations of Article 25 (amongst others) of the United Nations Declaration on Human Rights.	Not applicable	Not applicable
Child Friendly	Torbay Council is a Child Friendly Council, and all staff and Councillors are Corporate Parents and have a responsibility towards cared for and	This proposal is specifically designed to help families including children of all ages, as well as specific accommodation for care experienced young people.	Not applicable	Not applicable

	care experienced children and young people.			
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11. Cumulative Council Impact

- 11.1. This proposal will result in an increase to the Council's portfolio of social housing, which requires ongoing management. However, suitable allowances are always made in the financial modelling to ensure the long-term, appropriate management and maintenance of our housing stock.

12. Cumulative Community Impacts

- 12.1. The provision of additional affordable accommodation will reduce future pressure on having to spot-purchase Temporary Accommodation, allowing vulnerable residents – particularly families – to remain within their community networks, schools, and support systems.
- 12.2. These homes would provide long-term, stable accommodation for local households in housing need, reducing reliance on short-term lets insecure forms of accommodation.
- 12.3. There would be significant positive impact on local communities by addressing long-standing housing-needs, improving the quality of life for vulnerable residents, and contributing to the overall sustainability and cohesion of neighbourhoods within Torbay.
- 12.4. Keeping residents in Torbay ensures continued local spending and engagement with small businesses, schools, GPs and community services, as well as paying rental income to service the debt associated with scheme delivery.