

Record of Decisions

Acquisition of land to deliver Scheme 2 of the Accommodation Repurposing Programme ("Hotels to Homes")

Decision Taker

Cabinet on 18 February 2025.

Decision

That subject to the Council approving the Revenue Budget and Capital Programme on 27 February 2025, which includes an allocation of £1.000m to affordable housing, the Cabinet:

1. approve the inclusion of 'Scheme 2' within the Hotels to Homes Programme and allocate a 'First Stage' budget of £1.500m (to fund the acquisition, fees and on-costs, demolition & clearance, and redesign of the site), funded from the Devolution Deal grant;
2. delegate authority to the Director of Finance, in consultation with the Director of Pride in Place and the Cabinet Member for Housing and Finance, to agree suitable terms to acquire Scheme 2, for a price not exceeding the value stated in Exempt Appendices 1 and 3 (subject to the satisfactory completion of all necessary due diligence);
3. instruct the Head of Strategic Housing & Delivery to appoint:
 - i) a demolition contractor (along with any associated technical surveys, reports and required project management etc.) to clear the site and prepare it for newbuild construction, in consultation with the Head of Commercial Services; and
 - ii) a Design and Project Management Team to redesign the site for the optimum form of affordable housing, in consultation with the Head of Commercial Services;
4. that a 'Second Stage' cost plan to request the necessary capital uplift to construct a scheme (taking account of grant conditions, scheme viability and planning considerations at that time) be presented to a future meeting of the Cabinet; and
5. that Cabinet note due to a delay by central Government on the announcement of the next Homes England Affordable Homes Programme, the further report requested of officers at the September 2024 Cabinet meeting must be delayed until after the 2025 Comprehensive Spending Review (or other such time as we have suitable confidence on the funding available to support delivery of this programme).

Reason for the Decision

"Scheme 2" of the Hotels to Homes Programme, builds upon the Scheme approved by Cabinet in September 2024. Officers have identified a further suitable redundant hotel with an existing planning consent, that could be acquired by the end of March 2025, as required to meet the objectives of the Devolution Deal grant. In contrast to the turnkey deal approved in September 2024, Scheme 2 would see the Council directly build out a scheme, to meet the Council's specification and to address the local need. Delivery of this Scheme would result in an increase in supply of affordable housing with an additional benefit of preventing the site entering a state of dereliction, as well as reducing the likelihood of long-term anti-social behaviour.

Implementation

This decision will come into force and may be implemented on 3 March 2025 unless the call-in procedure is triggered (as set out in the Standing Orders in relation to Overview and Scrutiny).

Information

The Council has committed to increase affordable housing supply. A Housing Delivery Plan had been created to identify opportunities over the next five years, both for direct Council delivery, and indirect delivery through partners.

The Council had committed to deliver the Accommodation Re-purposing Project, known as 'Hotels to Homes'. This had been specifically designed to respond to Torbay's unique profile of having relatively few suitable and supportable greenfield opportunities, but large numbers of small to medium urban brownfield sites in the form of unviable leisure and holiday accommodation. Through this initiative, the Council would acquire and convert or redevelop sites into purpose built social housing for local people.

At the meeting Councillor Tyerman proposed and Councillor Billings seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

The short timescales associated with the grant funding meant there were just three options available:

Option 1 (the preferred option) was to acquire the Scheme as set out in Exempt Appendix 1. This must be in acceptance of the risks highlighted in respect of not currently knowing the best delivery route for the site (in respect of size and scale etc.) with the most viable way to deliver the project therefore not yet known.

Option 2 would be to withdraw from the purchase of Scheme 2 and attempt to identify a hotel for acquisition at auction, which would have to be purchased on an 'as seen' basis. Very little (if any) due diligence would be possible within the timescales which would therefore represent a considerable risk to the Council. Furthermore, there would be no option but to attempt to purchase whatever was available through that purchase route at that point in time – it may be difficult to find something that would meet the Council's requirements in the time available. There would be limited ability to test the likely support from the Planning Team reliance on whatever information was readily available, as opposed to making an informed purchase. This option was considered to represent far too great a risk and was therefore discounted.

Option 3 would be to hand back the grant and decline to proceed further. This would be detrimental to our relationship with Ministry for Housing, Communities and Local Government (MHCLG), the new Government and the Devon and Torbay Combined County Authority (CCA). This may also cause wider implications for other Council delivery programmes and funding streams, too. Ultimately, this would also mean that the additional affordable housing supply we urgently need, would not materialise. This would be extremely detrimental, and reputationally very damaging, and could not be recommended.

Is this a Key Decision?

No

Does the call-in procedure apply?

Yes

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None.

Published

21 February 2025

Signed: _____ Date: _____
Leader of Torbay Council on behalf of the Cabinet