

Meeting: Cabinet and Council

Date: 14 July and 24 July 2025

Wards affected: All Wards; Churston & Galmpton

Report Title: Acquisition of four properties to deliver Local Authority Housing Fund Round 3

When does the decision need to be implemented? September 2025

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1. Purpose of Report

- 1.1. To endorse the proposed package of acquisitions funded through the Local Authority Housing Fund Round 3 (LAHF3) programme.
- 1.2. To specifically endorse the acquisition of the first three identified new build properties in Paignton.
- 1.3. To approve the necessary delegations to enable officers to progress with the acquisition of four units in total, in accordance with Council governance procedures.

2. Reason for Proposal and its benefits

- 2.1. This report seeks Cabinet approval to proceed with the acquisition of four residential properties, supported by a £551,500 grant from the Ministry of Housing, Communities and Local Government (MHCLG) from LAHF3.
- 2.2. Of these, three homes must be used to support families that require (or would otherwise require) temporary accommodation (TA), that have a local connection to Torbay. Officers have identified and reserved these homes, and this paper seeks approval to purchase the properties identified.
- 2.3. A condition of this grant is that the Council must also purchase a single family home for a household accepted on to the government's Afghan Resettlement Programme. This provides support for families that assisted the UK's Armed Forces in Afghanistan prior to military withdrawal in 2021 (interpreters etc.). This home has not yet been identified, but delegation is sought for the Director of Finance, in consultation with the Cabinet Member for

Housing and Finance to acquire this property in due course, once it has been identified and a purchase/financial model agreed.

- 2.4. The proposed acquisitions directly support the Council's strategic aims to increase the supply of social housing in Torbay. Torbay continues to experience acute pressures on its housing system, including:
- A notable increase in homelessness presentations, with over 1,400 households assessed under homelessness duties in 2024/25.
 - Consistently high numbers of households in temporary accommodation, with over 160 households currently placed, reflecting both increased demand and limited availability of local options.
 - A growing need for more social housing in Torbay by local families, through Devon Home Choice.
 - Ongoing need to support Afghan families under the government's resettlement programme, with Torbay having committed to helping a family in need of secure and stable accommodation.
- 2.5. The acquisition of additional homes will directly contribute to achieving the Council's goal of increasing emergency housing placements within the Bay, reducing reliance on costly and less suitable out-of-area or hotel accommodation. It also helps reduce the occurrence of families with children being forced to live in unsuitable bed & breakfast style accommodation, which is not suitable for long-term occupation. The first three homes proposed for purchase through this paper are modern, well-insulated and efficient – providing a stepping stone for vulnerable families on a pathway towards settled housing.
- 2.6. The three identified homes, would subject to the Cabinet decision, be available to be handed over to the Council in September 2025. The Council has already acquired a small portfolio of TA, which this will complement; however, unlike the existing portfolio which was funded entirely by council-borrowing, officers have been able to secure grant funding to significantly contribute towards the cost of provision through the LAHF3.
- 2.7. It should be noted that the grant terms allow the Council to re-designate these homes for general needs social housing (or 'council housing') once there is no longer a local need for either TA or by an eligible Afghan refugee family (respectively). Therefore, the homes will provide a tangible benefit to Torbay more widely, in the medium-term through adding to the social housing stock.
- 2.8. The grant does not provide 100% of the cost of acquiring the homes, the balance of which needs to be funded by the Council. However, the cost of providing homes in this way is less than the equivalent cost of housing a family in TA. Furthermore, the rent charged to the occupants is expected to be largely sufficient to cover the cost of any prudential borrowing (should it be necessary), making allowances for management and maintenance costs etc. Of the total £551,500 grant; £393,000 must be used to part-fund the identified

first three homes; the remainder is allocated to support the acquisition of the remaining property.

- 2.9. The proposed acquisitions align with the Council's Housing Delivery Plan, which prioritises increasing both the quantity and quality of affordable housing; and the Corporate and Community Plan, which seeks to ensure that Torbay is a place where people are safe, supported, and have access to secure housing. Increasing the availability of self-contained TA also helps to reduce dependency on expensive private nightly lets, as outlined in recent housing reviews and the Council's accommodation strategy, reducing the Council's annual revenue cost. These homes will support local families in need and are ideally located in terms of access to key facilities such as schools, healthcare and public transport. They also accord with the grant requirement of being delivered by 31st March 2026.
- 2.10. This proposal represents a cost-effective and timely opportunity to deliver against multiple strategic objectives, supported by external grant funding. By endorsing the acquisition of the identified units (and the programme of four homes overall), the Council will strengthen its response to local homelessness pressures, support refugee resettlement, and enhance its affordable housing stock for future generations.

3. Recommendation(s) / Proposed Decision

3.1. That Cabinet:

1. Support the acquisition of four residential properties in Torbay, supported by £551,500 of Local Authority Housing Fund Round 3 (LAHF3) grant awarded by the Ministry of Housing, Communities and Local Government (MHCLG);
2. Approve the specific acquisition of the first three identified units, being three 3-bedroom houses as outlined in Exempt Appendix 1 (subject to the satisfactory conclusion of all necessary due diligence). Such properties to be used as either Temporary Accommodation, or for families that would otherwise be living in Temporary Accommodation that have a local connection to Torbay and require this type of assistance.
3. Provide delegated authority to the Director of Finance, in consultation with the Cabinet Member for Housing and Finance, to identify a suitable 4-bedroom home, and to approve the purchase of such a property (subject to the satisfactory conclusion of all necessary due diligence) to support the Afghan Resettlement Programme (ARP), as outlined in Exempt Appendix 1 (and as a condition of the LAHF3 grant).
4. Provide delegated authority to the Head of Strategic Housing and Delivery, in consultation with the Cabinet Member for Housing and Finance to agree and finalise the terms to acquire all of the homes and procure all necessary support services to facilitate the acquisitions, including any necessary legal and financial arrangements.

3.2. That Cabinet recommend to Council that:

5. The Capital Programme be uplifted by a maximum of £1,301,500 to acquire the four properties, part-funded by a grant of £551,500 from the Ministry of Housing, Communities and Local Government. The remaining balance of £750,000 to be funded by a combination of: prudential borrowing; revenue savings from existing Temporary Accommodation budgets; or any other relevant internal subsidy or receipts that may be appropriate. With delegated authority to the Director of Finance, in consultation with the Cabinet Member for Housing and Finance to agree the precise balance of funding sources to be deployed.

Appendices

- (Exempt) Appendix 1 – Full Business Case

Background Documents

4. Introduction

- 4.2. Torbay Council, like many coastal and rural authorities, continues to face significant and growing challenges in meeting local housing need – particularly in the provision of both temporary accommodation (TA) and longer-term affordable housing. This report outlines a strategic opportunity to address some of these pressures through the acquisition of four new-build residential units, supported by a £551,500 grant from MHCLG under the LAHF3 programme.
- 4.3. Currently, Torbay has low levels of self-contained temporary accommodation and a limited new supply of affordable rented housing, due to a combination of historic under-delivery, high housing market pressures, and a lack of suitable and available land for development. These challenges have been further exacerbated by:
 - Rising homelessness demand, with over 1,400 homelessness applications received in the last year;
 - Consistently high demand for temporary accommodation, with over 160 households currently in TA;
 - Significant use of hotels and bed & breakfasts as emergency accommodation – often at high cost to the Council with limited appropriateness for longer stays, particularly for families and vulnerable individuals.
- 4.4. The Council is seeking to commercially acquire four homes. The intention is to immediately acquire three of these for TA/families that would otherwise be in TA on a site identified in Exempt Appendix 1. The final property has not yet been identified but will be purchased to support the ARP as required by the grant terms.

- 4.5. Over time, as demand for temporary accommodation is alleviated through wider housing interventions (such as those endorsed by Cabinet at the meeting of May 2025), these units will be redeployed within the Council's social housing portfolio and re-let as general needs social rented housing through Devon Home Choice, to local households.
- 4.6. As outlined in a previous section, this proposal presents a pragmatic and timely solution that enables the Council to make best use of available grant funding within the limited timescales provided under the LAHF3 programme. Acquiring the homes identified in Exempt Appendix 1 is considered the most cost-effective route to securing accommodation within the required timeframe – by 31st March 2026 – and ensures that the grant is fully utilised to support both immediate and long-term housing need.

5. Options under consideration

- 5.2. In developing this proposal, the Council has considered two principal options:
- 5.3. **Option 1** Is to proceed with the purchase of four homes, including the first three identified in Exempt Appendix 1, prioritising new build homes where possible. In the longer term, these homes would be retained as part of the social housing stock and let through Devon Home Choice to eligible local households.
- 5.4. This would enable additional, self-contained accommodation within the Bay, reducing reliance on unsuitable and expensive hotel/B&B accommodation. It would also meet LAHF3 grant conditions and secure £551,500 of external investment that would otherwise be lost. This proposal provides immediate and long-term benefits, with permanent use as social rented homes once temporary accommodation need subsides. It also supports strategic objectives in the Housing Delivery Plan and Corporate and Community Plan; reduces financial pressures over time through more cost-effective TA provision and reduced nightly let costs; Ensures local control over the units, enabling sensitive placement and long-term asset management.
- 5.5. This requires upfront capital investment by the Council, although significantly offset by the grant. The acquisition must be completed by 31st March 2026. The proposal would require the Council to increase the capital programme by a maximum of £1,301,500, with £551,500 funded by MHCLG subsidy, and up to £750,000 funded by the combination of funding outlined in Paragraph 3.2 above.
- 5.6. **Option 2** is not to proceed with the purchase. This option would involve returning the LAHF3 grant and continuing to manage housing need through existing arrangements, including temporary accommodation placements in hotels and B&Bs. This will avoid capital outlay and associated financial risk. It will also not support additional households, and no revenue savings will be derived. As such, we would continue to rely upon high-cost, often inappropriate nightly lets, leading to worsening budget pressures. It would also be reputationally damaging for the authority and mean Torbay misses an opportunity to increase its TA and social housing stock, through a significant subsidy allocation.
- 5.7. On the balance of considerations, officers recommend proceeding as set out in **Option 1**.

6. Legal Implications

- 6.2. The Council will be entering into a commercial arrangement to purchase assets on the open market. External conveyancers have been appointed to undertake the conveyance, and the transaction will not proceed unless and until the relevant due diligence has been undertaken to a satisfactory conclusion.
- 6.3. Once we have exchanged contracts, the Council will not be able to withdraw from the purchase without considerable penalty.

7. Engagement and Consultation

- 7.2. The community is consulted on the principle of a sites' redevelopment through the planning process.
- 7.3. The Head of Strategic Housing & Delivery has engaged extensively with the Housing Options Team and has also briefed our in-house Housing Manager. The Cabinet Holder for Housing and Finance is fully aware of the proposal and has endorsed the course of action recommended. Cabinet are also aware of the scheme through information sharing sessions, and through the development of the Housing Delivery Plan. Senior Council officers have also been briefed, and the proposal has been endorsed by the Capital & Growth Board.
- 7.4. Additionally, the Head of Strategic Housing will offer to meet the elected members that represent the ward, prior to the cabinet meeting. A briefing will also be provided to the relevant Shadow Portfolio Holder.

8. Procurement Implications

- 8.2. Property transactions, such as land and residential property acquisitions, are exempt from the Public Contracts Regulations 2015, which excludes contracts relating to the acquisition of buildings or land. Therefore, a formal competitive procurement procedure is not required for this acquisition.
- 8.3. 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;
 - Compliance with the grant conditions under the Local Authority Housing Fund.

- 8.4. In respect of the first of these, it should be noted that officers have secured both a discount against sale price, and an additional specification upgrade to the homes, through the acquisition of multiple properties in a single transaction.
- 8.5. The Council has appointed a conveyancing firm through a competitive process to act on its behalf in managing the legal aspects of the property transactions. This firm brings relevant market knowledge, experience in public sector conveyancing, and capacity to work within the required grant timelines. The appointment of this firm not only ensures a compliant and well-managed transaction but also supports the delivery of a value-for-money acquisition in line with the Council's legal and procurement responsibilities.

9. Protecting our naturally inspiring Bay and tackling Climate Change

- 9.1. The properties proposed for immediate acquisition are modern, energy-efficient new builds delivered by a well-known housebuilder. These homes are expected to meet or exceed current Building Regulations, incorporating features such as:
- Improved thermal insulation and airtightness;
 - High-efficiency heating systems;
 - Low energy lighting and water-efficient fittings;
 - Reducing carbon emissions and energy costs for residents.
- 9.2. Currently, the Council relies heavily on hotels, guesthouses, and B&Bs – many of which are not designed for long-term residential use and often operate with high energy consumption and poor environmental performance. By shifting households from these settings into purpose-built, energy efficient homes, the council will lower the overall carbon footprint associated with temporary accommodation provision; reduce transport emissions by enabling placements within Torbay (avoiding out-of-area travel); and provide healthier and more sustainable living environments for vulnerable households including children
- 9.3. The proposed acquisition supports the long-term development of stable, sustainable communities by ensuring homes remain available as social rent units beyond their initial use as temporary accommodation.
- 9.4. Climate change disproportionately affects vulnerable populations, including homeless households and displaced/refugee 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.

10. Associated Risks

- 10.1. There are risks associated with any commercial activity. The risks associated with this scheme are described throughout this paper.

11. 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>	It is recognised that refugees seekers may have experienced trauma and that providing safe and secure accommodation will promote wellbeing regardless of age.		Housing Options and Housing Management.
Carers	At the time of the 2021 census there were 14,900 unpaid carers in Torbay. 5,185 of these provided 50 hours or more of care.	Safe and secure accommodation will promote positive wellbeing for carers.	Services need to work holistically with individuals to fully understand their needs.	Lettings and Housing Management.
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.	As the first three properties (at least) are newbuild, the homes will adhere to Building Regulations. Any additional support needs would be assessed at the time of letting the properties.	Consider accessibility and mental health needs in designs of conversions.	Strategic Housing

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.	No adverse impacts are anticipated however, local data and intelligence is limited.	N/A	ALL
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.	The marital status of occupants should not influence the suitability of the homes. No adverse impact expected.	NA	ALL
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 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.	As the three properties identified are of three bedrooms and the ARP unit is expected to be a larger four bedroom family home, we anticipate occupants are likely to have dependent children.	NA	Lettings and Housing Management
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	No adverse impact expected as we would not discriminate on the lettings of the TA homes based on ethnicity. However, it should be noted that the 4-bedroom home will be reserved for an eligible ARP household until	NA	Lettings and Housing Management

	being amongst the 20% most deprived areas in England.	such time as this is no longer needed locally.		
Religion and belief	64.8% of Torbay residents stated that they have a religion in the 2021 census.	No adverse impact expected as religion would not be a consideration in the lettings process	NA	Lettings and Housing Management
Sex	51.3% of Torbay's population are female and 48.7% are male	No adverse impact expected as general needs lettings does not discriminate on gender	NA	Lettings and 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.	No adverse impact expected as sexual orientation is not discriminated against	NA	Lettings and Housing Management
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.	<p>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.</p> <p>It should be noted that the ARP is specifically designed to help Afghan families that supported the British Military during the Afghanistan campaign. As such, this project positively contributes to households that worked closely with and assisted our veteran population.</p>	Consider needs during the lettings process	Lettings and Housing Management

Additional considerations				
Socio-economic impacts (Including impacts on child poverty and deprivation)		No negative impact expected. Affordable housing supports those in need of a safe and warm home, facilitating the improvement of socio-economic prosperity	NA	NA
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.	NA	NA
Human Rights impacts		No negative impact expected	NA	NA
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 care experienced children and young people.	No negative impact expected as the properties purchased will specifically support families with children that need accommodation.	NA	Lettings and Housing Management

12. Cumulative Council Impact

- 12.1. An increase to the Council's portfolio of social housing, which requires ongoing management etc. However, allowances have been made in the financial model to ensure the long-term, appropriate management and maintenance of our housing stock.

13. Cumulative Community Impacts

- 13.1. The provision of additional housing will reduce the number of households placed in inappropriate or out-of-area settings, allowing vulnerable residents – particularly families – to remain within their community networks, schools, and support systems.
- 13.2. When the units transition to general needs social housing, they will provide long-term, stable homes for local households in housing need through Devon Home Choice, reducing reliance on short-term lets and housing benefit-dependent arrangements.
- 13.3. 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.
- 13.4. Families and individuals currently placed in hotels and B&Bs often face disruption, stigma, and poor living conditions, with limited access to cooking, washing, or private facilities. This acquisition will reduce the need for these placements, ensuring that local people are housed in Building Regulations compliant, decent, and purpose-built homes, which in turn supports their dignity, mental health and overall wellbeing.
- 13.5. The provision of a further property to support a family through the ARP promotes community cohesion, diversity and inclusion – offering a stable foundation for a displaced family to integrate safely and meaningfully into local life. The local community benefits from structured, well-supported resettlement, rather than unmanaged or ad hoc housing solutions that can cause community friction.
- 13.6. Keeping residents in Torbay ensures continued local spending and engagement with small businesses, schools, GPs and community services.