

Resources Scrutiny Commission, Wednesday, 18th December, 2019 3.00 pm

**Student briefing on commercial and domestic dwellings.**

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**Presenting officer: Martin Smith, Head of Revenues**

**Purpose of paper: to respond to questions posed at Resources Scrutiny 31 October 2019**

**Questions**

1. What is a purpose built student accommodation (PBSA) and does the use of it, over the summer period, attract a Council tax charge?
2. Are Council Tax exemptions monitored and reviewed on student occupied properties?
3. Does the commercial use of university buildings, over the summer period, attract business rates income? (Taking Cllr Steven's example)

The definition of a student and exemptions are prescribed by legislation.

**What is a student?**

A student is defined as-

(a) a person undertaking a full time course of education, by paragraphs 3 and 4 of that Schedule; or

(b) a person undertaking a qualifying course of education, by paragraph 5 of that Schedule.

The qualifying criteria for a full time student are;

- (a) a course which covers at least one academic or calendar year;
- (b) normally requiring attendance (whether at premises of the establishment or otherwise) for periods of at least 24 weeks in each academic or calendar year;
- (c) Would normally require periods of study, tuition or work experience which together amount in each such academic or calendar year to an average of at least 21 hours a week.

In order to qualify for Student Exemption a property must be occupied exclusively by full time students. In the event that one of the occupants is not a full-time student then a discount may be applicable.

**What properties attract a student exemption?**

There are two distinct exemptions for student accommodation

Class M Halls of residence

A residence provided **predominantly** for the accommodation of students which is either-

- (a) Owned or managed by an institution within the meaning of paragraph 5 of Schedule 1 to the Act; [or by a body established for charitable purposes only] or

(b) The subject of an agreement allowing such an institution to nominate the majority of the persons

The accommodation must be provided **predominantly** for students which does not prevent part being used to accommodate staff or other persons.

#### Class N Student accommodation

A dwelling which is either

- (a) Occupied by one or more residents all of whom are students or
- (b) Occupied only by one or more students as term time accommodation

#### Question 1

#### What is a PBSA and does the use of it, over the summer period, attract a Council tax charge?

Purpose built student accommodation is housing specifically built for university students by private developers. Properties usually take one of two forms: Self-contained studio or “cluster” flats with private kitchens but shared living space.

Historically they are the traditional halls of residences, owned by the university, which house up to 700 plus students in a single assessed property e.g.

Hiatt Baker Hall  
Wills Hall  
Clifton Hill House  
Manor Hall  
Goldney Court

More recently there has been the trend to convert Business rated properties (offices) to student accommodation. A typical and local example of this is Brunel House, St Georges Road.

Brunel House was previously an office and was converted into a 246 bedroom student accommodation in 2018. This dwelling comprises 28 Cluster flats and 41 self-contained studio apartments.

The cluster flats managed by the University attract the Class M Student halls of residence exemption. A residence provided **predominantly** for the accommodation of students

The self-contained units are the responsibility of the individual tenants, who are also the liable party, and they attract a Class N Student accommodation exemption. This only applies whilst the tenant meets the student criteria. If during the summer period there is no tenant then we bill and recover council tax from the owners.

In Bristol there are 1223 Class M (student halls of residence) properties and 1185 are managed by the Bristol University or the University of West of England

The Valuation Office Agency will only consider assessing a domestic dwelling as commercial if it is actively available for let as a Holiday Let/Airbnb for a period exceeding 140 days. The university accommodation is required to house students for the vast majority of the year.

## **Question 2**

### **Are Council Tax exemptions monitored and reviewed on these properties?**

The domestic elements, that attract a Class M or Class N exemption, are all regularly monitored and reviewed on an annual basis.

The last Internal audit report, undertaken in February 2019 gave a “good” level of control rating to exemptions and discounts being properly awarded.

## **Question 3**

### **Does the commercial use of university buildings, over the summer period, attract business rates income? (Taking Cllr Steven’s example)**

#### **Bristol University Premises**

The university has nearly 100 separately rated business rate assessments within the city. The rateable value for these assessments range between £1,400 and £4,560,000.

Gross rates are in the region of £6.2m with a relief value applied of around £5.1m.

Bristol City Council has the provision under business rate legislation to apply relief to charities and other similar organisations. The university fall within the category of an unregistered charity and is entitled to a reduction of 80% off their rates.

Bristol must award mandatory relief to University Business rate hereditaments as long as they are **wholly or mainly** used for charitable purposes. For an organisation to enjoy the benefits of charitable status it must exist for a purpose which is beneficial to the community, in this example for the advancement of education.

The intermittent and irregular use of part of a University premises for example over summer holidays for purposes other than education is ignored as the main use remains charitable.

This practice is confirmed by other councils, notably, BaNES, South Glos, Birmingham, Bradford, Leeds, Manchester, Newcastle, and Sheffield.

Upon initial application for mandatory relief a check is made as to the charitable status of the organisation and that the use of the premises is for charitable purposes. In line with Audit approval a review is held periodically to ensure that the charitable organisation remains a bona fide ‘charity’.

However, this charitable status can be questioned if the use of the premises is, in the councils view not wholly or mainly for charitable purposes, in this case education.

Bristol University has 2 separately rated assessments where this could be considered. A café in The Hawthorns, Woodland Road and The Orangery at Goldney House, both premises, total a rateable value of £14,750 with the university benefitting from a total of £6,000 of relief on these two small properties. Investigations are underway to confirm Bristol is billing correctly for these premises.