

Key aspects of Business Rates and Council Tax for PBSA

Understand the impact of Business Rates Reductions and council tax exemptions on financial planning and operational costs for developers of Purpose-Built Student Accommodation (PBSA).



PBSA Council Tax

Tenancy Exemptions

Full-time Student Exemptions

In most cases, purpose-built student accommodation (PBSA) is exempt from council tax if it is occupied solely by full-time students. Developers should ensure that all tenants meet the local council's criteria for student status.

Mixed Tenancy

If any non-students (e.g. part-time students or working individuals) live in the accommodation, the property could become liable for council tax, or a discount may apply. Developers need to assess how this might impact mixed-use or flexible tenancy developments.

Vacancy Periods

If the accommodation is unoccupied during summer or other periods, it's important to understand whether the property becomes liable for council tax during those vacancies.

On-site Staff Housing

If the accommodation includes units for on-site staff (such as security or maintenance personnel), these units may be liable for council tax unless the staff also qualify for exemptions.



PBSA Business Rates



Communal Areas

- **Communal Spaces**
PBSA often includes shared facilities like common rooms, gyms, and study areas. These areas can be subject to business rates. Developers should account for these costs, which are often the responsibility of the landlord or property owner.
- **Rate Relief**
Developers may be able to apply for business rates relief on certain communal spaces or temporarily unoccupied parts of the building. Understanding the eligibility for such reliefs can reduce costs.



Commercial Spaces

- **Retail or Commercial Units**
If the student accommodation includes commercial spaces, such as shops, cafes, or other retail units on the ground floor, these spaces will likely be subject to business rates. Developers need to factor in these costs, which will apply irrespective of the students' council tax exemptions.
- **Business Rates Valuation**
It's important to get the correct business rates valuation for these units. Higher rateable values will increase the property's liability, so seeking advice from a rating advisor can ensure valuations are accurate and opportunities for relief are maximised.



Vacant Property

- **Empty Buildings or Rooms**
When parts of the property (e.g. entire blocks or rooms) remain vacant for a period, developers should be aware that they may become liable for business rates after a certain time. Properties are usually exempt from business rates for the first three months they are empty, after which full rates may apply.
- **Exemptions for Student Accommodation**
PBSA specifically built for students may qualify for exemptions or reductions, so it's critical to clarify this with local authorities.



Other considerations

Revaluation and Appeals

- **Business Rates Revaluation**

Developers should be aware that the government periodically revalues properties for business rates. These revaluations can change liabilities, especially if the property is located in an area experiencing rapid development or price increases. Developers should monitor revaluation cycles and be prepared to appeal if they believe the property has been overvalued.

- **Appealing Business Rates**

After the Valuation Office Agency (VOA) assesses the property, developers can appeal the rateable value if they believe it is too high. Engaging a rating expert may help reduce business rates through the appeals process.

Seasonal and Temporary Changes

- **Term-time vs. Non-term-time Occupancy**

Developers should consider whether the property is only occupied during term time or year-round. If accommodation is vacant for extended periods (such as summer), this could affect council tax and business rates liabilities. Some councils offer exemptions or reductions for student accommodation that is unoccupied during non-term times.

Local Authority Variations

- **Local Discretionary Policies**

Some local authorities have discretionary policies that can offer relief or exemptions on council tax and business rates for student accommodation. Developers should engage with the local council early in the planning process to understand the specific policies that might apply.

- **Community Infrastructure Levy (CIL) Contributions**

Though not directly related to business rates or council tax, developers should also consider CIL contributions, which can apply to new student accommodation projects in certain areas.



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