

The Chancellor of the Exchequer  
The Treasury  
1 Horse Guards Road  
LONDON  
SW1A 2HQ

15<sup>th</sup> March 2017

Dear Chancellor,

### **Student HMOs - Liability for Business Rates**

With its two successful universities and relatively small size, the World Heritage City of Bath hosts one of the highest proportions of Higher Education (HE) students per head of population in the UK; indeed, student numbers exceed a quarter of the permanent population during term time. Bath's universities traditionally provide accommodation for only a quarter of their students, leading to a very high demand for private-sector student accommodation. In response, a very significant proportion of the city's total housing stock has been converted to student Houses in Multiple Occupation (HMOs) and there is a proliferation of PBSA (Purpose Built Student Accommodation) blocks across the city. This has caused significant problems with 'studentification' (highly unbalanced communities and a severe lack of affordable housing) in large parts of the city. With students being exempt from paying Council Tax and landlords exempt from paying Business Rates, this situation contributes to a highly undesirable 'black hole' in Local Authority finances. HMOs and PBSAs are not domestic properties – they are profit-making businesses and should be brought within the scope of Business Rates, just as self-catering and holiday lets are.

At present, through its Local Authority Annual Grant, government includes a compensatory sum to cover the service costs to premises providing accommodation for university students. Since the annual grant is to cease in 2020 this subsidy will also cease. Currently the revenue from the Business Rates is shared with the Treasury, but by 2020 Local Authorities will retain the whole revenue from Business Rates. I understand that Government would not agree to impose Council Tax on students since it would just increase their rent, whereas Business Rates are tax allowable and would not present a direct burden to students.

At the AGM of the National Organization of Residents' Associations (NORA), on 2<sup>nd</sup> March, the following Motion was unanimously adopted:

"That NORA and its members write to the Chancellor of the Exchequer, the Secretary of State for Communities and Local Government, the chairman of the Local Government Association and MPs to request that councils should be given powers to bring all Houses of Multiple Occupation including Purpose Built Student Accommodation within the scope of Business Rates in the same way that hotels, self-catering and holiday lets are within the scope of Business Rates in order to compensate for the loss of the relevant grant."

On behalf of both my Federation and NORA, I should be grateful if you would give this matter your urgent attention.

Yours sincerely,

Robin Kerr, Chairman