Consultation for the Proposed Building Safety Levy – The Government's Investment in Building Safety

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Following the Building Safety Act 2022 receiving Royal Assent on the 28th April 2022, the Government have launched a second consultation on its proposed Building Safety Levy for England.

The levy forms part of the Government's investment in building safety following the Grenfell Disaster to protect leaseholders from unaffordable remediation costs.

This levy is to operate alongside (and separate) to the Government's proposed UK-wide residential property developer tax.

Under the new proposals, the levy will apply to all developers of residential buildings, regardless of the building's height, and the levy will form part of the building control process.

The local authorities will collect the levy and the levy rates will vary depending on local house prices or whether the development is on a greenfield or brownfield site. However, the method of calculating the levy is still in consultation.

Payment will be made in two stages, 60% of the levy payable before work commences and 40% before the final certification stage which allows for the recalculation of the amount payable if there are any changes to the project during construction. Local Authorities will be given the ability to issue a stop notice or refusal of the final certificate if payment is not made within the specified timescales which may result in further additional sanctions including fines.

An example given in the Government's explanatory notes to the BSA Act 2022 (paragraphs 538-543)

A developer makes an application to the building control body about a new residential development. At the same time, they self-assess their levy liability and make the payment to the designated levy administrator, along

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with providing the necessary supporting documentation. The calculation is checked by the levy administrator. Where the levy is paid in full and assessed as correct the building process continues. Where the levy is liable and not paid, the building control body will have the powers in regulations to refuse the application or not grant it until the levy is paid.

However, certain developments will be exempt from paying the levy including affordable homes, NHS facilities and care homes and any development of fewer than 10 units. It is yet to be determined whether build-to-rent, purpose-built student accommodation and older people's housing sectors will be affected by the levy.

The Government's intention is to use the levy to pay for the remediation of buildings where no developer is available to take responsibility for repairs.

The consultation closes on the 7th February 2023 however at this stage it is unknown when the levy will come into force although it is widely expected to occur during the course of 2023.

Need advice?

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