GUIDE

The Building Safety Levy: what October 2026 actually costs you.

Rates, exemptions, brownfield discount and the £3,000-a-plot average. A plain-English guide for developer finance and commercial teams.

Inside this guide.

The Building Safety Levy is a new tax on residential development in England, introduced to raise around £3.4 billion over ten years for building safety remediation. It takes effect on 1 October 2026, calculated per square metre of gross internal area at a rate that varies by local authority. Sites under 10 dwellings are exempt; brownfield sites pay half. This guide sets out exactly what the levy is, who pays, who does not, and how to model it into scheme viability from now.

Who this is for

Housebuilder finance, commercial and development directors, boards, principal contractors, SME builders, PBSA developers, and anyone with residential schemes in the pipeline for building control approval after 1 October 2026.

What the Levy is and why it exists.

The Levy is a statutory charge on new residential development in England, introduced by Section 105 of the Building Safety Act 2022 to fund remediation of historical building safety defects. Government projects it will raise around £3.4 billion over its first ten years, alongside roughly £6 billion in housebuilder self-remediation commitments and the RPDT.

The Levy applies regardless of building height, extending contributions to developers with no historical building safety exposure. It is collected by local authorities acting as collection authorities; non-payment means the completion certificate is withheld until the Levy is paid.

£3.4bn	1 Oct 2026	~£3,000
projected Levy revenue over ten years	commencement date	average cost per plot (HBF estimate)

Worked example: a 40-dwelling scheme

85 sqm average plot, illustrative mid-rate authority at £38 / sqm

Greenfield, per plot	£3,230
Brownfield, 50% discount	£1,615
Total scheme Levy, 40 plots (greenfield)	**£129,200**

A viability variable, not a compliance variable

Developers who do not model the Levy into scheme appraisals from now will discover it late, when the numbers are already agreed and the room to absorb it is smallest.

Who pays and who does not.

Major residential development: 10 or more dwellings, or 30 or more PBSA bedspaces. Below that, exempt entirely.

Dwellings on site

1–9: exempt

10+: Levy applies

QUALIFYING DEVELOPMENT

New-build residential of 10+ dwellings. New-build PBSA of 30+ bedspaces. Change-of-use creating 10+ new dwellings. Mixed-use schemes creating 10+ new dwellings.

EXEMPT DEVELOPMENT

Below the qualifying thresholds. Affordable housing by registered providers. Care homes, children's homes, domestic abuse shelters. Hospitals and hotels. Supported housing. Minor internal refurbishment.

The anti-splitting provision

Liability is linked to the planning permission for the site, not the building control application. A fifteen-dwelling site cannot be split into a seven and an eight to escape the Levy.

The mixed-tenure question

A scheme is not exempt because part of it is affordable. Only the affordable element is exempt; the market element is levied on its own floor area.

Protecting small builders and social housing

The exemption structure protects small builders, community facilities and social housing, and pushes the cost onto private and mixed-tenure development at scale. Identify which schemes attract the Levy before appraisal decisions are locked.

How the Levy is calculated.

Per square metre of gross internal area, at a rate that varies significantly by local authority.

The GIA calculation	Internal floor area within external walls of each dwelling, including partitions and common areas (corridors, stairs, lobbies). Balconies, terraces and parking are typically excluded. Affordable and non-residential floorspace is excluded.
Rate varies by authority	Rates are calculated from average house prices in each authority, so a high-value London borough pays materially more per sqm than an equivalent lower-value regional authority.
MHCLG publishes rates	The full schedule was published ahead of commencement. Use the published rate for the relevant authority; do not use estimated averages in scheme appraisal.
The £3,000 industry average	A useful board-level benchmark for portfolio-wide impact, not a scheme-level number. Individual schemes can be materially higher or lower.

A specific number for each specific scheme

Aggregate averages help portfolio planning. Scheme-level appraisal needs the local rate and the actual GIA calculation, both available now and both worth building into current appraisal work.

The brownfield discount and other reductions.

The Regulations include reductions that materially change the effective rate on qualifying schemes.

The 50% brownfield discount	Previously developed land pays Levy at half the standard rate, reflecting the higher costs brownfield sites carry, alongside the wider "brownfield first" NPPF direction.
What qualifies	Aligned with the NPPF definition of previously developed land: existing buildings, hardstanding or prior industrial/commercial use. Undeveloped, agricultural or greenfield land does not qualify.
Interaction with other reforms	Sits alongside brownfield-first NPPF policy, the proposed BNG brownfield exemption up to 2.5ha, and SAHP brownfield grants, producing a materially different economic case than for greenfield.
Other reductions	Certain regeneration schemes with a net gain in affordable housing, and some small-site discretionary provisions. Both are technical and scheme-specific; consult advisers.

The single most valuable Levy reduction

Combined with the other brownfield policy tailwinds, the discount shifts the balance of viability between brownfield and greenfield in a way that materially affects land buying strategy from now.

Timing, collection and enforcement.

The mechanics of when and how the Levy is paid affect scheme cash flow and programme.

Commencement	Applies to building control applications made on or after 1 October 2026. Applications made before that date, and their genuine variations, remain outside the Levy.
Collection mechanism	Calculated and agreed at building control application stage. Payment is required before the completion certificate is issued; without it the building cannot be legally occupied or sold with a mortgage.
Cash flow implications	Payment lands late in the delivery cycle, close to completion and sale, an improvement on earlier proposals but still worth modelling explicitly on longer, multi-phase schemes.
Administrative readiness	Local authority capacity to process Levy assessments varies; expect some administrative variability in the early months of the regime.

Collected late, but planned for early

Model the payment into scheme cash flow, and understand local authority administrative readiness, before the first Levy-liable application is submitted.

Practical impact on scheme viability.

For schemes approaching building control after 1 October 2026, four dimensions matter.

The average vs the specific	The £3,000 HBF figure is a national aggregate. High-density flats in high-value authorities can sit well above it; lower-density housing in lower-value areas can sit below.
Marginal sites	Where viability was already marginal, the Levy is the difference between viable and non-viable, particularly for high-density flatted development.
Land value	A new cost that in principle reduces what a developer can pay for land, though land price adjustment lags: sellers with pre-Levy expectations will not immediately absorb it.
Brownfield vs greenfield	The 50% discount, combined with other brownfield policy, tilts the economic case further than the raw discount alone suggests.
High-rise development	GIA-based calculation means high-rise flats with large GIA per unit attract higher per-plot Levy costs, particularly consequential for London and major cities.

Uneven across the portfolio

The Levy does not affect every scheme equally. Understanding where the impact concentrates, and revising appraisal and land purchase discipline accordingly, is the practical work of the next quarter.

The 12-week readiness checklist.

Six items for the twelve weeks before 1 October 2026 commencement.

Pipeline review	Identify every scheme facing a building control application on or after 1 October 2026 and segregate from schemes already in the system.
Rate lookup	Look up the specific rate for the relevant authority from the MHCLG published schedule; do not use averages.
GIA calculation	Produce or confirm the gross internal area for every Levy-liable scheme.
Exemption verification	Confirm exemption and discount position with advisers for schemes near the 10-dwelling, PBSA or brownfield thresholds.
Viability update	Update models to include the specific Levy cost; escalate any scheme that falls below viability threshold for board decision.
Contract review	Update appraisal templates to include the Levy; review land purchase and JV contracts for whether it has been accounted for.

Not spare time

The twelve weeks before commencement are the last window to identify which schemes fall outside the Levy, lock in exemptions, time submissions and update appraisal discipline.

Sources and closing note.

PRIMARY SOURCES

Building Safety Act 2022, Section 105. Building Safety Levy Regulations (as laid). MHCLG government response to the technical consultation. MHCLG published Levy rate schedule by local authority.

INDUSTRY AND LEGAL COMMENTARY

HBF, "HBF explains... the Building Safety Levy". Propertymark, Browne Jacobson, Shoosmiths, Dorplan, Clarke Willmott and CrowdProperty developer guidance. House Builder magazine reporting.

Ubrix is the plot lifecycle platform for UK new-build housing, used by housebuilders, principal contractors and housing providers to run per-plot compliance and delivery from reservation to end of defects. Our customers are taking the pipeline decisions the Levy will affect right now, and the plain-English detail has been thin on the ground. If that is relevant, we are at ubrix.co.uk. If not, take what is useful and leave the rest.

Talk to Ubrix

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The rate range and £3,000 average are drawn from HBF and industry commentary; verify individual scheme rates against the MHCLG schedule. General guidance, not legal or tax advice.

Verified and last updated July 2026.