

TECHNICAL WHITEPAPER

Building Safety Levy

Implications for Lenders
& Monitoring Surveyors

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PREPARED JOINTLY BY



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Foreword from LendInvest

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As property development lenders, our role extends far beyond providing capital; it is about offering the certainty, clarity, and structural backing developers need to navigate an evolving regulatory environment. The implementation of the Building Safety Levy (BSL) on 1 October 2026 marks one of the most significant shifts in UK development finance in recent years. Introduced under Section 58 of the Building Safety Act 2022 and implemented through The Building Safety Levy (England) Regulations 2025, this statutory charge targets £3.4 billion over ten years to remediate legacy building defects. For developers, it introduces a critical variable that directly shapes scheme viability, land value negotiations, and cash flow timing.

From a lender's perspective, the Levy must be treated as a fixed, senior project cost rather than a minor peripheral expense. With local authority rates ranging from £12.70/m² to £100.35/m²—and a 50% discount available for qualifying brownfield (PDL) sites—accurate measurement and early appraisal integration are non-negotiable. Crucially, because BSL payment is triggered as a bullet cost before the first completion or occupation certificate is issued, an unbudgeted liability can block building control sign-off, delaying unit sales, refinancing, and ultimate loan redemption.

At LendInvest, we are fully equipped, structured, and ready to support developers as they navigate these changes. We recognise that managing regulatory shifts requires proactive partnership rather than reactive underwriting. That is why we joined forces with MDA Consulting to produce this technical note—providing our market partners with practical clarity on Gross Internal Area (GIA) calculations, exemption criteria, and transitional provisions.

We have adapted our underwriting processes and facility structures to ensure BSL obligations—from pre-commencement sensitivity modelling to pre-completion drawdown mechanics—are smoothly accommodated within our funding packages. Whether you are stress-testing pipeline appraisals, assessing brownfield discount eligibility, or structuring funding for post-October 2026 developments, LendInvest is committed to delivering the flexible capital and specialist guidance needed to keep your projects moving forward securely.



Dan Lohn

Relationship Manager, Development Finance
LendInvest

Foreword from MDA Consulting

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MDA Consulting Limited has acted as monitoring surveyor to development lenders for over two decades, and in that time few changes to the regulatory landscape have carried the direct, quantifiable cost impact of the Building Safety Levy. Where much of the post-Grenfell reform agenda has been procedural – new gateways, new duty holders, new records – the Levy is different: it is a cash cost, payable at a fixed point in the programme, and it will sit on every qualifying scheme's balance sheet whether or not it has been properly planned for.

Our experience monitoring schemes on behalf of lenders tells us that costs of this kind are rarely missed through carelessness. They are missed because they fall between disciplines – assumed to be someone else's line in the appraisal, or added late once a rate has been confirmed rather than built in as a working assumption from the outset. The Levy's mechanics compound this risk: it is calculated on measured floorspace rather than unit count, it varies by local authority, it is discounted only where PDL status can be evidenced, and it falls due as a single payment ahead of certification rather than in stages. Each of these features is straightforward in isolation; together, they demand the kind of disciplined, stage-by-stage verification that monitoring surveyors are appointed to provide.

This note sets out, in practical terms, what that verification should look like at each stage of a development – from confirming the building control application date at appraisal, through to evidencing PDL status and reporting scheme variations, and finally to confirming discharge of the liability ahead of the completion certificate. It reflects the checks we are already building into our own reporting practice, and we have set them out here so that lenders, developers and fellow surveyors can see precisely what we look for and why.

We are grateful to our colleagues at LendInvest for their collaboration in preparing this note, which brings together the lender's and the monitoring surveyor's perspectives on a single, shared risk. We hope it proves a useful working reference for anyone with a scheme approaching the transitional window.



Chris Chadwick

Director and Head of Project Monitoring
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EXECUTIVE SUMMARY

The Building Safety Levy is a new mandatory charge on qualifying residential development in England, due to take effect on 1 October 2026. Introduced under the Building Safety Act 2022 and implemented through The Building Safety Levy (England) Regulations 2025, it is intended to help fund the remediation of historic building safety defects while reducing reliance on leaseholders and taxpayers.

For lenders, monitoring surveyors and developers, the Levy should be treated as a material project cost rather than a peripheral compliance item. It applies to major residential developments in England that create or increase residential floorspace, including new-build housing, apartments, build-to-rent schemes, purpose-built student accommodation and relevant mixed-use developments. The key threshold is 10 or more dwellings, or 30 or more PBSA bedspaces, subject to defined exemptions.

The Levy is calculated by multiplying chargeable Gross Internal Area by the applicable local authority rate. Rates vary materially by geography, with a 50% discount available for qualifying previously developed land where at least 75% of the consented site meets the relevant brownfield definition. Correct measurement, classification and evidence gathering will therefore be central to accurate liability assessment.

The timing of the charge is particularly important. Building control applications submitted before 1 October 2026 fall outside the Levy, provided the relevant transitional conditions are maintained. For chargeable schemes, payment is required before the first completion or occupation certificate is issued. Non-payment can prevent certification, delaying practical completion, occupation, sales, refinancing and ultimately loan repayment.

The principal lender risk is that the BSL is under-budgeted, misclassified or omitted from the development appraisal. It should be included as a fixed, senior-ranked cost line at underwriting, monitored throughout the development period and stress-tested where a brownfield discount or exemption is being relied upon. Facility structures should also allow for the Levy's bullet-payment profile before completion certification.

Monitoring surveyors should incorporate BSL checks into standard reporting practice from pre-commencement through to practical completion. This includes verifying the building control application date, confirming the correct local authority rate, reviewing GIA calculations, testing exemption and PDL evidence, tracking payment status and reporting any scheme variations that may change the chargeable floorspace.

Developers should prepare by stress-testing appraisals, engaging early with landowners on land value implications, documenting brownfield or exemption claims, and working with lenders and monitoring surveyors to ensure the Levy is fully costed and funded. Early action is especially important for schemes seeking to benefit from the pre-October 2026 transitional window.

1.0 INTRODUCTION

The Building Safety Levy (BSL) is a new mandatory charge on residential development in England, introduced under Section 58 of the Building Safety Act 2022 and given effect by The Building Safety Levy (England) Regulations 2025. Coming into force on 1 October 2026, the Levy is designed to raise approximately £3.4 billion over ten years to fund the remediation of legacy building safety defects – ensuring that the financial burden does not fall on leaseholders or taxpayers.

This technical note has been prepared jointly by LendInvest plc and MDA Consulting Limited to provide practical guidance on the BSL's mechanics, rate structure, exemptions and collection process, with a particular focus on the implications for development lenders and their appointed monitoring surveyors. Worked examples illustrating cost impact across different geographies and site typologies are included.

Key Headlines

- Effective date: 1 October 2026 – building control applications submitted before this date are not subject to the Levy.
- Applies to: major residential developments (10+ dwellings or 30+ PBSA bedspaces) in England.
- Charge basis: gross internal area (GIA) of chargeable residential floorspace in £/m².
- Rates: £12.70–£100.35/m² (greenfield); 50% discount for qualifying brownfield (PDL) sites.
- Payment trigger: before the first completion or occupation certificate is issued.
- Enforcement: non-payment blocks the building control completion certificate.
- Lender risk: the BSL represents a senior-ranked cost which, if unbudgeted, can affect scheme viability and loan repayment.

2.0 LEGISLATIVE BACKGROUND

The BSL originates from the Grenfell Tower fire of June 2017, which exposed severe and systemic failures in building safety culture and regulation across the UK construction industry. The Building Safety Act 2022 (BSA 2022) introduced a comprehensive framework of reforms, including the creation of the Building Safety Regulator and new gateway processes for higher-risk buildings.

Section 58 of the BSA 2022 empowered the Secretary of State to introduce a levy on residential development. Following two rounds of public consultation (2022 and 2024), the Government published The Building Safety Levy (England) Regulations 2025, which were laid before Parliament on 10 July 2025, made on 19 November 2025, and will come into force on **1 October 2026**.

The stated policy rationale is that developers – as the industry responsible for construction – should contribute to the cost of remediating defects in the existing stock, regardless of whether they were involved in building those specific defective properties.

Building Safety Levy (England) – Key Legislative and Policy Details

	Enabling Legislation	Building Safety Act 2022, Section 58
	Secondary Legislation	The Building Safety Levy (England) Regulations 2025
	Regulations Made	19 November 2025
	Commencement Date	1 October 2026
	Revenue Target	~£3.4 billion over approximately 10 years
	Administering Authority	Local Authorities (collecting agents); MHCLG (recipient)
	Guidance Published	10 July 2025 (MHCLG Guidance Notes)

3.0 SCOPE, EXEMPTIONS AND THRESHOLDS

Chargeable Developments

The BSL applies to building control applications submitted on or after 1 October 2026 that create or increase residential floorspace. It catches all of the following:

- New-build residential development (houses, apartments, build-to-rent)
- Purpose-built student accommodation (PBSA)
- Retirement housing and later-living schemes
- Mixed-use developments incorporating residential floorspace
- Extensions, conversions and changes of use that result in a net increase in residential GIA

The de minimis threshold is 10 dwellings or 30 PBSA bedspaces. Schemes below this threshold are not chargeable, though robust anti-avoidance provisions prevent artificial splitting of applications to fall below the threshold.

Exempt Developments

Schedules 1 and 2 of the Regulations set out exemptions. Key exempt categories include:

- Affordable rented and intermediate housing for eligible households
- NHS hospitals, care homes and supported housing
- Children's homes and domestic abuse shelters
- Accommodation for armed services personnel
- Criminal justice accommodation
- Hotels, hospices, religious accommodation and certain private hospitals
- Community facilities as specified in Schedule 2

Important: No Exemption for Height

The BSL applies regardless of building height. Higher-risk buildings (those over 18 metres or 7 storeys under the BSA 2022) are not exempt. Developers and their lenders should not assume that a tall-building classification creates any BSL relief.

Transitional Provisions and the Pre-October 2026 Window

Building control applications (full plans approvals, initial notices, and Higher-Risk Building applications) submitted before 1 October 2026 will not be subject to the Levy. This creates a valuable transitional window for schemes already in development.

However, this exemption is not unconditional: where works are not substantively commenced within three years of the original application, the exemption lapses and re-registration will trigger a new, chargeable application. Developers with pre-October 2026 applications must therefore ensure timely commencement of works on site.

4.0 LEVY CALCULATIONS

Formula

The BSL is calculated as follows:

$$\text{BSL Liability} = \text{Chargeable GIA (m}^2\text{)} \times \text{Area Rate (£/m}^2\text{)}$$

Where the site qualifies for the brownfield (PDL) discount:

$$\text{BSL Liability} = \text{Chargeable GIA (m}^2\text{)} \times (\text{Area Rate} \times 50\%)$$

Chargeable Floorspace (GIA)

Floorspace is measured using Gross Internal Area (GIA) as defined by the RICS Code of Measuring Practice (6th Edition). This includes:

- All habitable accommodation within individual dwellings
- Communal spaces (corridors, lobbies, stairwells, lifts) attributable to the residential use
- Any PBSA bedrooms and associated communal study or social space

Commercial floorspace and any space used exclusively for an exempt purpose is excluded from the chargeable area. On mixed-use schemes, an apportionment is required.

Area Rates

Rates are set per local authority area under Schedule 3 of the Regulations, weighted by average residential property prices. The rates range from £12.70/m² in County Durham to £100.35/m² in the Royal Borough of Kensington and Chelsea. A 50% discount applies to sites where at least 75% of the consented land qualifies as Previously Developed Land (PDL – broadly, land on which a building has stood at any point since 1 July 1948, excluding agricultural buildings).

Example Building Safety Levy Rates by Local Authority

Local Authority	Full Rate (£/m ²)	Brownfield Rate (£/m ²)	Representative Region
☐ Kensington & Chelsea	£100.35	£50.17	Prime Central London
☐ City of Westminster	£98.01	£49.01	Central London
☐ Tower Hamlets	£61.20	£30.60	East London
☐ Bristol, City of	£42.97	£21.48	Major City – South West
☐ Leeds	£24.57	£12.29	Major City – North
☐ Birmingham	£29.23	£14.62	Major City – Midlands
☐ County Durham	£12.70	£6.35	Lower-value North East

Table 1: Illustrative BSL rates by local authority (Schedule 3, The Building Safety Levy (England) Regulations 2025). Brownfield rates reflect 50% PDL discount.

5.0 COLLECTION AND PAYMENT PROCESS

The BSL is administered by local authorities acting as collecting agents. The process mirrors, in broad terms, the Community Infrastructure Levy (CIL) framework and proceeds as follows:

Step 1		Application	Developer (the 'client') submits building control application on or after 1 October 2026.
Step 2		Information Return	Developer provides a BSL information return, including GIA, site classification (greenfield/PDL) and calculation of estimated liability.
Step 3		Levy Liability Notice	Building control authority issues a Levy Liability Notice confirming the chargeable amount.
Step 4		Commencement Notice	Developer submits a commencement notice before works begin. This formally activates the BSL obligation.
Step 5		Payment	Developer pays the full BSL liability before the first completion or occupation certificate is issued – whichever is earlier.
Step 6		Completion Certificate	Building control authority issues completion/final certificate upon receipt of payment. Non-payment results in withholding of the certificate.
Step 7		Remittance	Local authority remits proceeds (net of administration costs) to central government (MHCLG).

Disputes and Appeals

Where a developer disputes the levy amount, refund amount or a refusal to issue a refund, they must submit a review request to the collecting authority within 28 days of receiving the relevant notice. If unresolved following that review, the developer may appeal to the First-tier Tribunal.

6.0 WORKED EXAMPLES

The following examples illustrate BSL liability across a range of development typologies and geographies. All GIA figures are indicative and used for illustrative purposes only.

Example 1: Greenfield Residential Development, Leeds

Scenario 1 – Parameters

Local Authority: Leeds

Site Type: Greenfield (no PDL discount)

Development: 75-unit apartment scheme

Residential GIA: 5,500 m² (including communal)

BSL Rate (Leeds, greenfield): £24.57/m²

Calculation:

- BSL Liability = 5,500 m² × £24.57/m² = £135,135
- Per unit cost: £135,135 ÷ 75 units = £1,802 per dwelling

Monitoring Surveyor Note – Example 1

At the cost monitoring stage, the monitoring surveyor should confirm that £135,135 has been included within the development appraisal as a fixed project cost, payable prior to practical completion. If the BSL has been omitted or underestimated, this should be flagged as a viability risk in the monitoring report.

Example 2: Brownfield Regeneration Scheme, Tower Hamlets

Scenario 2 – Parameters

Local Authority: Tower Hamlets

Site Type: Brownfield / PDL (≥75% PDL – qualifies for 50% discount)

Development: 200-unit build-to-rent tower

Residential GIA: 18,000 m² (including communal)

Full BSL Rate (Tower Hamlets): £61.20/m²

Brownfield Rate (50% discount): £30.60/m²

Calculation:

- Full (greenfield) liability: 18,000 m² × £61.20/m² = £1,101,600
- Brownfield (PDL) liability: 18,000 m² × £30.60/m² = £550,800
- PDL discount saving: £1,101,600 – £550,800 = £550,800
- Per unit cost (brownfield): £550,800 ÷ 200 units = £2,754 per dwelling

Monitoring Surveyor Note – Example 2

The monitoring surveyor must verify the PDL classification at the outset. The developer should produce evidence that $\geq 75\%$ of the consented site area qualifies as PDL (e.g. historic Ordnance Survey maps, planning authority confirmation, or a land quality statement). If PDL status cannot be confirmed, the full rate must be used in the development appraisal. A failure to correctly classify the site will result in an under provision of £550,800 on this scheme – a significant lender risk.

Example 3: Prime Central London Scheme, Kensington & Chelsea

Scenario 3 – Parameters

Local Authority: Royal Borough of Kensington & Chelsea

Site Type: Mixed – part greenfield, part PDL. PDL $< 75\%$ of total site – full rate applies

Development: 25-unit luxury residential scheme

Residential GIA: 4,200 m²

BSL Rate (RBKC, greenfield): £100.35/m²

Calculation:

- BSL Liability = 4,200 m² × £100.35/m² = £421,470
- Per unit cost: £421,470 ÷ 25 units = £16,859 per dwelling

Lender Risk Alert – Example 3

At £100.35/m², the BSL represents a material fixed cost on London prime schemes. In this example, the levy alone accounts for over £421,000. Lenders should require the borrower to demonstrate that this cost is explicitly accounted for in the development appraisal reviewed at loan origination and at each subsequent draw. Where GDV assumptions are tight, this cost could erode the senior debt coverage ratio.

Example 4: Mixed-Use Scheme with Partial Exemption, Bristol

Scenario 4 – Parameters

Local Authority: Bristol, City of

Site Type: Brownfield (PDL $\geq 75\%$ – 50% discount applies)

Development: 120-unit residential with ground-floor commercial and affordable element

Total GIA: 12,000 m²

Commercial GIA (excluded): 1,800 m²

Affordable/Exempt GIA: 2,400 m² (qualifying affordable rent)

Chargeable Residential GIA: 12,000 – 1,800 – 2,400 = 7,800 m²

BSL Rate (Bristol, PDL): £21.48/m² (50% of £42.97/m²)

Calculation:

- BSL Liability = $7,800 \text{ m}^2 \times £21.48/\text{m}^2 = £167,544$
- Per chargeable unit (approx. 84 units after affordable deduction): £1,995 per dwelling

Monitoring Surveyor Note – Example 4

On mixed-use and partially exempt schemes, the monitoring surveyor should review the GIA apportionment methodology at the pre-commencement stage. Evidence for the affordable housing exemption (i.e. confirmation from the local planning authority or the registered provider) must be obtained and retained. Errors in the apportionment – either over-claiming exemptions or failing to exclude commercial space correctly – will result in an incorrect levy liability notice.

7.0 IMPLICATIONS FOR LENDERS

Appraisal and Underwriting

- BSL costs must be included as a hard cost line in every development appraisal for qualifying schemes with a building control application dated on or after 1 October 2026.
- The levy rate applicable to the development should be confirmed with reference to Schedule 3 of the Regulations at the time of underwriting and must reflect the correct local authority area.
- PDL status and the 50% discount must be documented and verified before the discounted rate is assumed in the appraisal. Lenders should treat the PDL discount as provisional until confirmed.
- Sensitivity analysis should model the impact of the full (non-discounted) rate even where PDL status appears clear, to stress-test the scheme's financial viability.

Loan Structuring and Draw Schedule

- The BSL is a bullet payment due prior to the first completion or occupation certificate. It is not a phased cost. Lenders should ensure the facility structure accommodates a single drawdown to fund the levy at the appropriate point in the programme.
- The levy cost should be treated as a non-contingent, senior project cost – on a par with CIL or Section 106 obligations – and must not be drawn from contingency.
- Where the borrower has not made adequate provision for the BSL, this should be treated as a material deficiency and reported by the monitoring surveyor at the relevant progress stage.

Monitoring and Reporting

- Lenders should instruct their monitoring surveyor to confirm BSL liability at the pre-commencement stage and include it as a standing item in all progress monitoring reports.
- Any changes to the development that affect the chargeable GIA (e.g. scheme redesign, addition of floors, conversion of commercial to residential) should trigger a recalculation of BSL liability and be reported to the lender promptly.
- Non-payment of the BSL will block the completion certificate, which in turn could delay practical completion, occupation and the refinancing or sale of units – directly impacting loan repayment.

Loan Covenant Considerations

- Lenders should consider incorporating an express covenant in facility agreements requiring the borrower to demonstrate adequate BSL provision, notify the lender of any changes in liability, and confirm payment prior to the final drawdown.
- Where the BSL represents a material sum relative to the loan, lenders may wish to require evidence of payment before releasing the final tranche of the facility.

8.0 IMPLICATIONS FOR MONITORING SURVEYORS

MDA Consulting Limited sets out below the specific duties and considerations that monitoring surveyors should incorporate into their service to lenders in connection with the Building Safety Levy.

Pre-Commencement Stage

- Confirm whether the building control application was submitted before or after 1 October 2026. If before, the scheme should be BSL-exempt but verify that works commence within three years.
- Where the application is post-1 October 2026, confirm the BSL rate for the relevant local authority, the correct GIA measurement methodology (RICS 6th Edition GIA) and any applicable exemptions or discounts.
- Review the development appraisal to confirm that the BSL is explicitly budgeted as a fixed cost line.
- Obtain and review the developer's PDL evidence if a brownfield discount is being claimed. Confirm that $\geq 75\%$ of the consented site meets the PDL definition.
- Issue a Pre-Commencement Monitoring Report that includes a dedicated BSL section confirming the above.

During Construction

- At each progress inspection, confirm that no material changes to the scheme have occurred that would alter the chargeable GIA or exempt status.
- Include the BSL as a standing cost item in the cost report, with current estimated liability, status (unpaid/paid) and target payment date clearly stated.
- Flag any scheme variations that increase residential GIA to the lender immediately, together with a revised BSL liability estimate.

Pre-Completion Stage

- Confirm that the building control authority has issued a Levy Liability Notice and that the stated amount is consistent with the appraisal figure.
- Confirm that the developer has funds available to discharge the BSL prior to the completion certificate application.
- Issue a pre-completion monitoring report that includes evidence of payment or confirmation of the payment mechanism and notify the lender if payment has not been made or is at risk.

Practical Completion and Final Certificate

- Confirm receipt of building control completion certificate, which provides implicit confirmation that the BSL has been paid.
- Include in the Practical Completion Report a confirmation that the BSL liability has been discharged, with reference to any receipts or correspondence from the building control authority.

MDA Monitoring Surveyor Checklist Summary

Pre-commencement: Application date confirmed; BSL scope and rate confirmed; PDL evidence reviewed; appraisal inclusion verified.

During construction: Standing BSL cost line in every cost report; scheme variations reviewed for GIA impact.

Pre-completion: Levy Liability Notice reviewed; payment confirmation obtained.

Practical completion: Completion certificate received; BSL payment confirmed in final report.

9.0 IMPLICATIONS FOR PROPERTY DEVELOPERS

Operational and Regulatory Pressures

- **Building Control Bottlenecks:** In the immediate term, developers face intense pressure to submit building control applications before the October deadline to secure transitional exemptions. This sudden influx of applications is highly likely to cause a bottleneck, creating a knock-on effect that delays regular Building Control functions, such as standard site inspections and reporting.
- **Scope Misconceptions:** A critical regulatory risk for developers is the widespread misconception that the Levy applies exclusively to high-rise blocks. Developers must recognise that the BSL will impact all residential developments, subject to standard exemptions, making early compliance tracking vital for low- and mid-rise schemes alike.

Scheme Viability and Site Acquisition

- **Additional Capital Burden:** For projects initiated after the formal roll-out, the levy represents an immediate and significant cost impact, essentially functioning as an enhanced or additional Community Infrastructure Levy (CIL).
- **Viability Pressures:** Introducing this new layer of cost complicates project viability. In a market characterised by consistently rising build costs and sticky gross development values (GDVs) or sales prices, absorbing another mandatory fee requires careful financial navigation.
- **Land Value Adjustments:** Because profit margins are compressed by sticky sales and rising construction fees, the primary mechanism to absorb the BSL is to back the cost off against the site acquisition price. While landowners frequently hold out for the highest possible price, developers must work with them more closely than ever to factor this legislative complexity into early negotiations.

Developer Preparation and Mitigation Strategies

- **Appraisal Stress-Testing:** Developers should immediately begin stress-testing their development appraisals. This is necessary to confirm that pipeline projects can support these enhanced costs without materially altering or eroding target profit margins.
- **Early Landowner Dialogues:** It is crucial to initiate transparent conversations with landowners as early as possible. Making landowners aware of these enhanced statutory costs ensures they are mathematically integrated into land value negotiations from the outset.
- **Local Rate Familiarisation:** Because the BSL charging rates vary between different local councils, developers must thoroughly familiarise themselves with the specific regional tariffs tied to their target land plots.

Working with Lenders and Surveyors

- **Early Collaborative Engagement:** Developers should engage with proactive lenders like LendInvest early in the development lifecycle to navigate the new legislation.
- **GIA and Apportionment Reviews:** Where a lack of clarity exists regarding the final levy sum—such as in mixed-use developments where commercial space is exempt—developers can collaborate with the lender's trusted panel of monitoring surveyors. Instructing an early, detailed review of Gross Internal Area (GIA) measurements isolates the exact chargeable residential space and prevents unexpected financial surprises down the line.

- **Integration into Project Funding:** By establishing exact costing figures through early assessments, developers can ensure that all financial obligations due under the new BSL regulations are fully accounted for and funded directly within their development lending facility.

10.0 INTERACTION WITH OTHER PLANNING AND DEVELOPMENT COSTS

The BSL is an additional cost layer on top of existing planning obligations. Monitoring surveyors and lenders should ensure that the following are each budgeted separately and not conflated:

Key Cost Obligations for Residential Development

 Cost	 Basis	 Timing
 Building Safety Levy (BSL)	£/m ² of residential GIA; varies by LA and PDL status	 Prior to first completion/occupation certificate
 Community Infrastructure Levy (CIL)	£/m ² ; set by local authority charging schedule	 On commencement; phased options available
 Section 106 Obligations	Negotiated; typically affordable housing, highways, open space	 As per planning agreement (often on commencement and completion)
 Residential Property Developer Tax (RPDT)	4% surcharge on developer profits >£25m p.a.	 Via Corporation Tax return; annual
 VAT on construction	20% on most construction (subject to zero-rating for new builds)	 As incurred throughout construction

11.0 CONCLUSIONS AND RECOMMENDATIONS

The Building Safety Levy is a significant new cost on residential development in England, taking effect from 1 October 2026. Its implications for the development lending and monitoring surveying professions are material and should be integrated into standard practice immediately.

Practical Guidance – Roles and Responsibilities

 For Lenders (LendInvest Guidance)	 For Monitoring Surveyors (MDA Consulting Limited Guidance)
1 Incorporate BSL as a mandatory line item in all development appraisals for qualifying schemes from the date of this note.	1 Include a dedicated BSL section in all monitoring reports from pre-commencement to practical completion.
2 Confirm local authority rate and PDL status at underwriting; do not accept the brownfield discount without supporting evidence.	2 At pre-commencement , verify application date, local authority rate, PDL evidence and appraisal inclusion.
3 Structure facility agreements to accommodate a BSL bullet payment prior to final drawdown.	3 Flag any scheme variation that increases chargeable GIA and issue an updated BSL cost estimate to the lender.
4 Consider including an express BSL covenant in loan documentation.	4 Prior to practical completion, confirm that the Levy Liability Notice has been issued and that funds are available for payment.
5 Require the monitoring surveyor to report on BSL status at every stage of the development cycle.	5 At practical completion, confirm payment as part of the final monitoring report.

Disclaimer

This technical note has been prepared jointly by LendInvest plc and MDA Consulting Limited for informational purposes. It reflects the position under The Building Safety Levy (England) Regulations 2025 as understood at the date of publication (August 2026). Rates, guidance and legislation are subject to change. This note does not constitute legal or financial advice and recipients should seek independent professional advice in relation to their specific circumstances. Neither LendInvest plc nor MDA Consulting Limited accepts liability for any loss arising from reliance on the contents of this note.