March 2026

Briefing Paper:

BUILDING SAFETY LEVY AND TIME-LIMITED COMMUNITY INFRASTRUCTURE LEVY RELIEF

Background: Housing Delivery in London

1. Housing construction in London has slowed significantly in recent years, and the city's target of 88,000 new homes a year looks increasingly distant. The reasons for this are well documented and include planning delays, regulatory complexity, build cost pressures, the financial constraints of registered providers, and a lack of effective demand, particularly in the for-sale market.

2. Recent data from Molior highlights the scale of the slowdown. In 2025, construction started on just 5,547 private homes in London, down 84% from 33,782 in 2015, underscoring the collapse in new development over the past decade.[1] Based on recent starts and current pipelines, Molior forecasts that only around 14,000 homes may complete across 2027–2028, far below London's housing target.[2] In this context, policies that support development viability and help unlock stalled schemes are critical to increasing housing delivery across the capital.

3. This briefing paper explains the likely interaction between Community Infrastructure Levy (CIL) relief via the Government's emergency measures time-limited route and the Building Safety Levy (BSL). While CIL relief could support development viability in many areas, the BSL threatens to offset these benefits in around a third of CIL charging zones across London, potentially undermining the relief's positive impact and slowing housing delivery.

Time-limited CIL Relief

4. BusinessLDN welcomes the Government and the Mayor of London's emergency measures to support housing delivery in the capital,[3] including the time-limited relief from the payment of borough-level CIL. The emergency measures include a 50% CIL discount, subject to viability testing, with the potential for a higher discount where schemes deliver additional affordable housing. Projects must meet specific conditions, criteria, and milestones to qualify for CIL relief, which would be agreed with the relevant local planning authority. We support these changes on the basis that, as part of the broader package of measures, they will improve development viability and support housing delivery in London.

Building Safety Levy

5. However, the introduction of the BSL, which will take effect on 1 October 2026, risks undermining the positive impact of the CIL relief. The BSL is a new mandatory charge on residential development to help fund the remediation of unsafe buildings following the Grenfell tragedy. It adds to the significant cost commitments already made by leading developers through the Building Safety Pledge, which requires them to remediate life-critical fire safety works in buildings over 11 metres that they have played a role in developing or refurbishing over the last 30 years in England. In some cases, the mandatory BSL payment will outweigh the financial benefit of the discretionary CIL relief, particularly for smaller schemes or sites already facing high construction costs. Without careful consideration of how these policies interact,

[1] Molior, Residential Development in London Q3 2025, (2025).
[2] Molior, Residential Development in London Q3 2025, (2025).
[3] BusinessLDN, BusinessLDN.response.to.the.MHCLG.consultation.on.the.proposed.London.Housing.Emergency.Measures (2026).

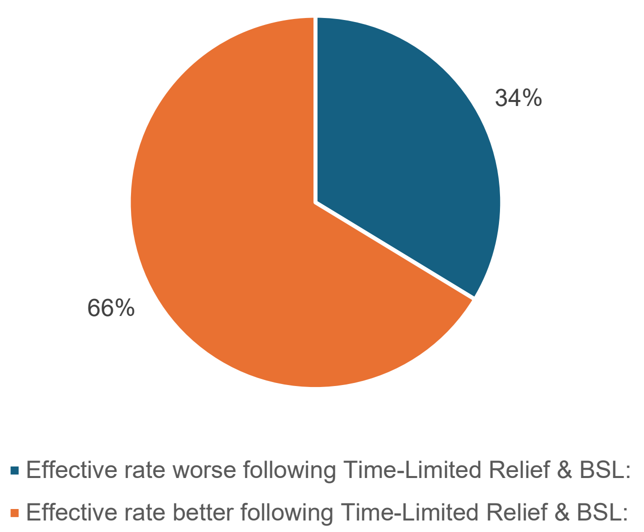
there is a risk that the BSL limits the ability of the emergency measures to unlock new development.

Data Analysis

6. Our analysis[4] of residential CIL charging rates across London boroughs suggests that the interaction between the proposed time-limited CIL relief and the incoming BSL could result in a net increase in development costs in a significant number of locations. As illustrated in Figure 1, of the 92 different residential borough CIL charging rates in London, we calculate that in 31 locations – almost one third – the benefit of a 50% CIL relief would be outweighed by the additional cost of the BSL.

7. In parts of London with lower CIL rates, developers would see little or no net viability improvement. Importantly, this analysis assumes that schemes fully meet all the eligibility criteria for the relief. For developments that cannot meet these conditions, viability pressures are likely to be even more acute, particularly for smaller schemes or sites already facing high construction costs. A more detailed breakdown of this analysis is provided in Appendices A and B.

Figure 1: Percentage of CIL Rates Benefiting or Disadvantaged by 50% Time-Limited Relief After BSL



Implications for Housing Delivery

8. If the interaction between the CIL relief and the BSL is not resolved, there is a risk that the intended benefits of the relief will be significantly reduced, meaning fewer schemes will be unlocked. At a time when housing delivery is under extreme pressure, new policies must be aligned to support rather than undermine the ability of developers to bring forward new homes in London. New development will not only

[4] Analysis based on the following assumptions: discretionary time-limited relief granted at 50%; mandatory BSL applied without Previously Developed Land discount; 92 residential borough CIL charging rates assessed across London, with 31 at a sufficiently low rate that the BSL would offset the relief; CIL indexed assuming planning permission granted in 2026; and no CIL existing buildings deduction applied to enable like-for-like comparisons.

address the capital's housing crisis but will also contribute towards tackling wider social problems and supporting economic growth in London and across the UK.[5]

Recommendations

9. The Government and the Mayor of London introduced the emergency measures to reflect the depth of the challenge facing the capital in terms of increasing supply. Having taken positive steps to try to kick-start housebuilding, it makes little sense for the Government to introduce additional costs that, in many cases, would negate the benefits of the emergency measures. Set out below are recommendations for how the Government could address this problem. If the BSL were to be postponed, as proposed in the first recommendation, further actions would not be required.

    I. **Postpone the BSL** – The simplest solution is to postpone the introduction of the BSL. This provides immediate certainty and provides the Government with the opportunity to review how the BSL interacts with the emergency measures and, in particular, the CIL relief component of that.
    II. **Introduce transitional arrangements** – Phase the introduction of the BSL or allow for payment in instalments to prevent it from immediately eroding the viability improvements provided by the proposed time-limited CIL relief.
    III. **Target flexibility for specific schemes** – Apply relief strategically to stalled developments or projects where the BSL would remove the benefit of CIL relief.
    IV. **Introduce a time-limited BSL exemption** – Allow developments whose planning applications are validated by a specified date to be exempt from paying the BSL. This could mirror the time-limited route proposed under the emergency measures, providing certainty for developers and supporting ongoing housing delivery.
    V. **Align previously developed land definitions –** Ensure definitions of previously developed land are consistent across the National Planning Policy Framework and the BSL. Misalignment can place additional burdens on complex brownfield sites, create uncertainty for developers, and potentially reduce the effectiveness of both CIL relief and emergency measures in supporting viable housing delivery.
    VI. **Review developer contributions holistically** – Take a broader view of developer contributions and development taxation, aligning them with delivery objectives so that the wider planning framework consistently supports the Government's ambition to accelerate housing supply and maximise its contribution to the UK economy.

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[5] Delivering the Mayor's target of 88,000 new homes per year by 2028 could generate a significant economic uplift, with total annual impact estimated to reach £40.4 billion (2025 prices) by 2034, equivalent to 6.5% of London's GDP and 1.6% of UK GDP. Source: Public First, Building.Prosperity¿The. Economic.Case.for.a.Step.Change.in.London.Homebuilding, (2025).

Appendix A – Effective rate following 50% time-limited CIL relief and BSL introduction[6]

This table sets out the CIL charging rates across all London boroughs. Many boroughs have multiple rates, reflecting differences by location or development size. In some cases, boroughs are shown across two rows where different rates apply depending on the typology of development. Rate categories are borough-specific and not directly comparable (for example, Rate 1 in Camden is not equivalent to Rate 1 in Kensington and Chelsea).

The figures shown represent the effective rate after applying the 50% time-limited CIL relief and the introduction of the BSL. Cells shown in red indicate where schemes are worse off overall, as payment of the BSL negates the benefit of the relief, while those in green indicate a net benefit. Darker shading reflects a greater cost or benefit.

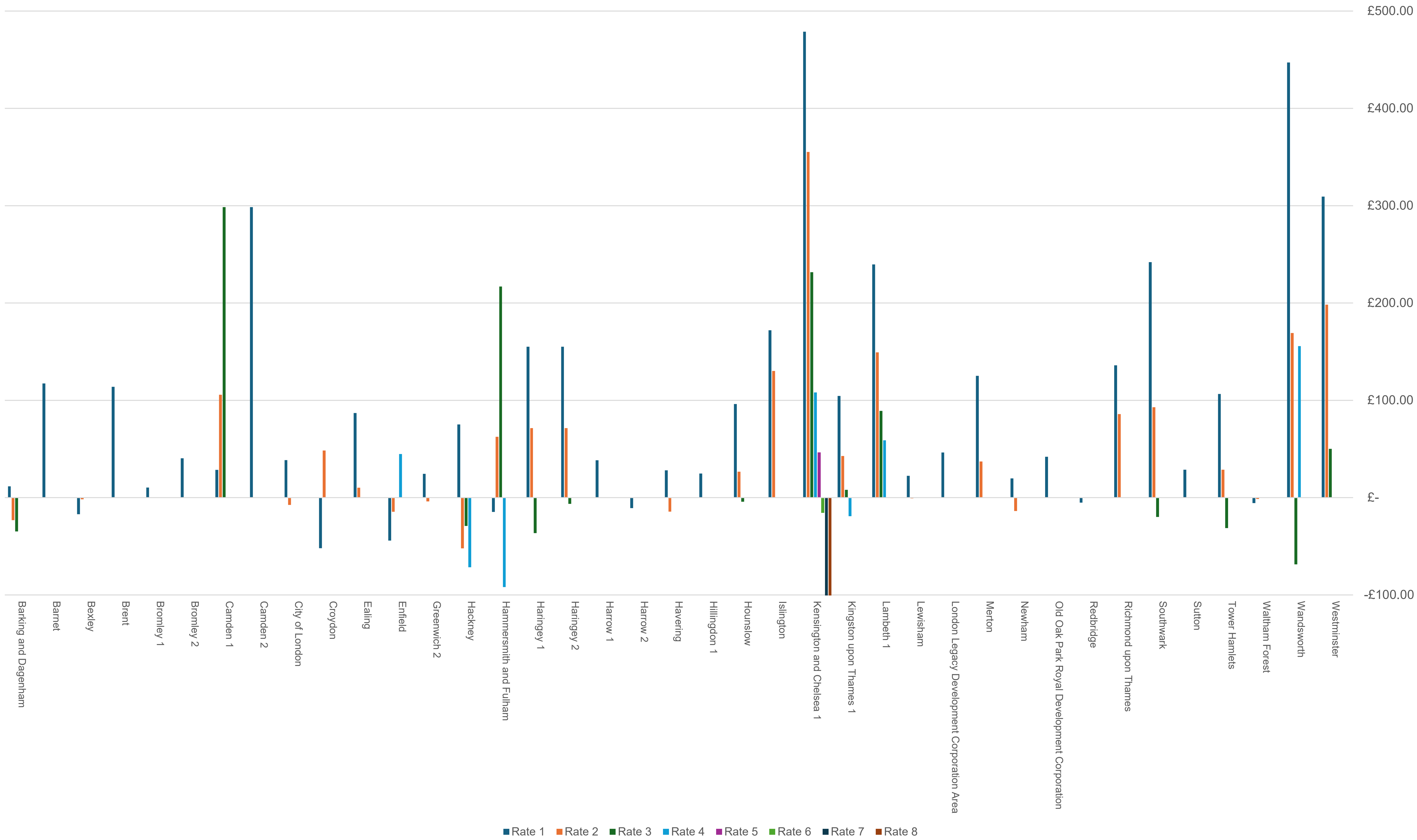
		Effective rated following 50% Time-Limited Relief and BSL introduction							
Local Authority	**Typology**	**Rate 1**	**Rate 2**	**Rate 3**	**Rate 4**	**Rate 5**	**Rate 6**	**Rate 7**	**Rate 8**
Barking and Dagenham	Residential	£11.58	-£23.16	-£34.75					
Barnet	Residential, including C2, C3, and C4 use classes and sui generis HMOs and other sui generis residential uses	£117.37							
Bexley	Residential, Hotel, and Student Housing	-£17.11	-£1.67						
Brent	Residential (Use Classes C3 and C4), Residential Institutions except Hospitals (Use Class C2), Student Accommodation, Hostels and HMOs (sui generis)	£113.88							
Bromley 1	Residential development, excluding residential development that delivers additional care and support services	£10.43							
Bromley 2	Large-scale purpose-built shared living and purpose-built student accommodation	£40.46							
Camden 1	Residential >10 units and private residential care (with some self-containment)	£28.45	£105.69	£298.51					
Camden 2	Residential <10 units or 1,000sqm	£298.51							
City of London	Residential	£38.48	-£7.54						
Croydon	Residential	-£52.03	£48.39						
Ealing	Residential	£86.98	£10.26						
Enfield	Residential; Meridian Water Masterplan Area	-£44.13	-£14.50	£0.31	£44.76				
Greenwich 2	Residential (10 units or more, excluding extra care housing)	£24.41	-£3.94						
Hackney	Residential	£75.21	-£52.20	-£29.04	-£71.51				
Hammersmith and Fulham	Residential (C3) and HMO (C4)	-£14.65	£62.57	£217.01	-£91.87				
Haringey 1	Residential	£155.10	£71.42	-£36.54					

[6] To Note: Only the rates in the most recently adopted Borough CIL Charging Schedule are shown above. Where a year of planning permission grant is selected prior to the year the Borough CIL Charging Schedule was adopted, the CIL Charging Rates shown should be treated as indicative.
The Building Safety Levy is to be introduced in autumn 2026 and should be treated as indicative until the Detailed Regulations are issued later this year.

Haringey 2	Build to Rent Housing	£155.10	£71.42	-£6.42					
Harrow 1	Residential (Use Classes C3)	£38.33							
Harrow 2	Hotel (Use Class C1), Residential Institutions, except Hospitals, (Use Class C2), Student Accommodation, Hostels and HMOs (sui generis)	-£10.77							
Havering	Residential	£28.08	-£14.35						
Hillingdon 1	Residential Dwellings Houses (C3)	£24.84							
Hounslow	Residential	£96.15	£26.65	-£4.24					
Islington	Residential dwellings (Use classes C3, C4); Residential institutions (Use class C2, C2A), not including: Public Health Facilities and Public Care Facilities	£172.01	£130.17						
Kensington and Chelsea 1	Residential (C3 and short-term lets)	£478.80	£355.25	£231.70	£108.14	£46.37	-£15.41	-£100.35	-£100.35
Kingston upon Thames 1	Residential	£104.48	£42.71	£7.96	-£19.07				
Lambeth 1	Residential, including co-living schemes or shared accommodation	£239.66	£149.30	£89.06	£58.94				
Lewisham	Use Class C3	£22.38	-£0.79						
Merton	Residential	£125.08	£37.21						
Newham	Residential (C3 and C4)	£19.72	-£13.76						
Redbridge	Flat rate across the whole borough for all use classes	-£5.17							
Richmond upon Thames	Residential Development	£136.01	£85.80						
Southwark	Residential	£242.04	£92.90	-£19.82					
Sutton	Residential	£28.65							
Tower Hamlets	Residential	£106.46	£28.62	-£31.26					
Waltham Forest	All residential development, including private care/retirement homes	-£5.58	-£1.39						
Wandsworth	Residential Development	£447.20	£169.17	-£68.50	£155.72				
Westminster	Residential	£309.40	£198.29	£50.14					
London Legacy Development Corporation Area	Residential	£46.33							
Old Oak Park Royal Development Corporation	Residential	£41.99							

Appendix B – Impact of BSL and 50% time-limited relief on development viability by borough

The graph below illustrates the data from Appendix A, grouping the 92 individual charging rates by borough. Those above the X-axis indicate areas where schemes remain better off following the 50% time-limited CIL relief despite the introduction of the BSL. Those below the X-axis show where the benefit of the relief is offset by the BSL.



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We work to deliver the bigger picture, campaigning to tackle today's challenges and to secure the future promise of London.

We harness the power of our members, from sectors that span the economy, to shape the future of the capital so Londoners thrive and businesses prosper. We support business to succeed—locally, nationally, globally. We link up with other cities around the UK, to ensure the capital supports a thriving country.

We campaigned for the creation of the office of London Mayor and Transport for London, for the Elizabeth Line, for congestion charging, and we incubated Teach First.

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