

CIH response to the building safety levy consultation

Initial comment

The Chartered Institute of Housing (CIH) welcomes the aim of the building safety levy, to raise funds for the remediation of buildings with safety defects and to avoid costs being passed on to leaseholders. It is important that the levy does not place an additional burden on the development of housing which meets critical needs, both for individual households and communities as a whole. In our response, we focus on the proposed exemptions to the building safety levy as we are keen to ensure that they are broad enough to ensure the levy does not disincentivise the development of affordable homes and other types of specialised housing which are in short supply.

Response to consultation questions

Question 19: What are your views on the above exclusions? Please set out whether you agree or disagree and give reasons for your answers.

We agree that this list of exclusions covers most homes which should be exempted from the building safety levy, on the basis that they are in short supply, meet important community needs, and/or may not be viable with additional development costs. We will provide further detail on some of these exclusions in subsequent answers.

We would suggest, additionally, that homes built to high accessibility levels should be exempted from the levy. We have a substantial shortage of homes that meet high accessibility standards. Data from the English Housing Survey shows that 91 per cent of homes don't provide the four main features to be considered even 'visitable' by people with accessibility needs and [Habinteg estimates](#) that over 400,000 wheelchair users are living in homes which are neither adapted nor accessible. Whilst the government has committed to applying a mandatory accessibility standard to new homes (to Building Regulations M4(2) standards), these new homes will still not be fully accessible for wheelchair users.

There are additional costs associated with building homes to higher accessibility standards. To ensure the viability of fully wheelchair accessible homes, and to avoid disincentivising their development, homes built to Building Regulations

M4(3) standards (i.e. fully wheelchair accessible) should be exempted from this levy. We do not think this would add significant complexity to the proposed exclusions, or materially increase the levy amount on projects that remain in scope of the levy; only 2.4 per cent of the homes forecast to be built between 2020 and 2030 are planned to be wheelchair accessible according to [Habinteg](#).

Question 20: Do you have any views on Build to Rent developments, purpose-built student accommodation, older people's housing? If so please set them out.

The majority of homes in Build to Rent developments will be let at market rent levels. This should provide enough return on investment that this levy would not materially affect schemes' viability. Any affordable housing provided as part of these developments should be exempted, as set out in other areas of the consultation. We therefore do not think that homes in Build to Rent developments which will be let at full market rent should be exempted from this levy.

We do think that older people's housing should be exempted. We have a significant shortfall of older people's housing, estimated at over 487,000 units in [analysis by BNP Paribas Real Estate](#). This number is only likely to increase given our ageing population. Older people's housing provides additional positive benefits to society, including reduced costs to the NHS and freeing up homes which would otherwise be underoccupied. Given the existing shortfall and clear community benefits which arise from incentivising the development of further older people's housing, it should also be exempted from the building safety levy.

We have no specific views to share on purpose-built student accommodation.

Question 21: Do you agree Affordable Homes should be excluded from payment of the levy? Please give reasons for your answer.

Yes. It is important that Affordable Homes are excluded from payment of the levy. We have a significant shortfall of affordable homes; over 1.2 million households were on official social housing waiting lists in 2022 and the National Housing Federation has assessed that there are currently 8.5 million people in England with some form of unmet housing need. Evidence produced for the National Housing Federation and Crisis by Heriot Watt University in 2018 identified a need for 145,000 affordable homes per annum over the ten years 2021-31, of which 90,000 would be for social rent and the remainder for low-cost homeownership or

intermediate renting. Although this assessment has not been fully updated, since then need is likely to have grown still further. We must seek to remove and avoid all barriers to the development of more affordable housing. Given that this levy would negatively impact the viability of affordable housing developments, affordable homes should therefore be excluded from payment of the building safety levy.

It is important that this exemption also applies to affordable housing built by private developers, particularly through section 106 agreements. 44 per cent of all affordable homes [delivered in 2021-22](#) were funded through section 106 agreements, which shows how important this is as a source of new affordable housing. If the levy were applied to these homes, it could restrict the viability of the schemes and reduce the number of affordable homes provided through section 106 agreements. It is therefore important that all affordable homes, including those built by commercial housebuilders through section 106 agreements, are excluded from payment of the levy.

This commitment must be carried through in proposals to reform section 106 with a new 'Infrastructure Levy' within the Levelling Up and Regeneration Bill. CIH have continually stressed through consultation opportunities and as part of the [Better Planning Coalition](#) that the Infrastructure Levy must focus on ensuring the delivery of genuinely affordable housing, alongside the infrastructure needed. The building safety levy should not be applied to the affordable homes delivered through the Infrastructure Levy in order to not restrict the viability of the schemes and reduce the number of affordable homes provided.

We also welcome the proposals to exempt non-social homes built by registered providers and their subsidiaries. In 2022, 17 per cent of sector turnover from housing associations was generated through development for sale ([Global Accounts 2022](#)). All surplus from this activity (whether by housing associations directly or their subsidiaries) is reinvested in the delivery of affordable homes. Therefore, exempting non-social homes built by registered providers from this levy will also substantially support the delivery of affordable homes.

Question 23: Do you agree Conversions, improvements to owner occupied homes and refurbishments should be excluded from payment of the Levy?

Yes. Conversions, improvements to existing homes and refurbishments all ensure that existing homes and buildings are kept in (or added to) our stock of dwellings.

This protects the embodied carbon in our buildings (the carbon emissions produced through the materials in and construction of buildings) and reduces the impact on the environment from construction works. Refurbishments and improvements to owner occupied homes may also include necessary works to adapt homes to make them suitable for people with accessibility needs, enabling people to live comfortably and independently. We should not disincentivise such activities by adding on an additional levy.

Question 24: Do you agree supported housing should be excluded from payment of the levy?

Yes. Supported housing provides a vital service, ensuring that people with additional support needs receive the assistance they need to live in the community. This helps to keep people out of hospitals and other institutions, resulting in positive outcomes for individuals as well as significant public savings. Given that supported housing meets specific needs and delivers benefits not just to individuals but to the wider system, the development of new supported housing should not be disincentivised by an additional levy. It should therefore be exempted from the building safety levy.

It is important that the full range of supported housing is included in this exemption. This should include supported housing designed for all the following groups:

- older people
- people with a learning disability
- people with a physical disability
- autistic people
- individuals and families at risk of or who have experienced homelessness
- people recovering from drug or alcohol dependence
- people with experience of the criminal justice system
- young people with a support need (such as care leavers or teenage parents)
- people with mental ill health
- people fleeing domestic abuse and their children

We would apply the same reasoning for exempting care homes, children's homes, domestic abuse facilities, residential care homes and Criminal Justice Accommodation.

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support, and knowledge they need. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org.

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