# London’s affordable housing targets face uphill battle amid market pressures and slow progress



No one disputes the urgency of tackling London's acute shortage of affordable housing. When Sadiq Khan first set out an ambitious target for affordable homes in 2016, aiming for a significant increase in affordable housing on new developments, it was broadly welcomed as a step in the right direction—offering much-needed clarity within the planning framework.

In May 2016, Khan unveiled plans to substantially increase the proportion of affordable homes in the capital, initially aspiring for over 50% affordability on some new developments. This marked a clear shift from the previous administration, which Khan criticised for leaving London with a pipeline containing just 13% affordable homes. He also proposed policies to prioritise local buyers over foreign investors to prevent homes being left empty, highlighting the social consequences of London’s housing crisis. However, this ambitious target faced immediate pushback from the Home Builders Federation and other industry stakeholders, who warned that such high requirements risked making projects economically unviable. Critics feared that developers might delay or abandon building schemes, inadvertently worsening the housing shortage.

Faced with these warnings, Khan adjusted his position later in 2016, setting a more pragmatic target of 35% affordable housing on new developments. This decision acknowledged the publication industry's concerns yet aimed to maintain commitment to long-term affordability goals. Some commentators viewed this reduction as a retreat from Khan’s more ambitious campaign promises, while the Mayor emphasised that the 35% figure was a crucial step towards achieving the broader objective of 50% affordable homes.

Despite these efforts, meeting the 35% target has proven challenging in practice. A 2019 analysis of developments approved under Khan’s administration found that fewer than a quarter actually met the affordability threshold, with only 24% compliance across more than 1,500 schemes. While this resulted in the approval of 48,000 affordable homes, it fell significantly short of policy requirements, with critics accusing Khan of failing Londoners on affordable housing delivery. City Hall attributed the shortfall partly to national policy loopholes and the developers’ strategic use of viability assessments to limit their affordable housing commitments.

In more recent years, the situation has been compounded by new economic and regulatory hurdles. By late 2023, reports suggested that private-sector housebuilding in London had nearly ground to a halt. Rising costs, changes in taxation targeting foreign buyers, and tightened building safety regulations collectively squeezed developers’ margins, making it even harder to meet the 35% affordable housing target. This slow-down has put London's broader housing targets at risk, revealing the persistent tension between ambitious social goals and the realities of market-driven development.

Yet, it is important to also recognise progress under Khan’s tenure. In May 2023, the Mayor announced that targets of starting 116,000 affordable homes between 2015/16 and 2022/23 had been met, thanks in large part to the Affordable Homes Programme. This initiative empowered councils and housing associations to directly commission affordable housing, bypassing some of the obstacles faced by private developers. Khan described the ongoing housing crisis as a “grave social injustice,” underscoring the moral imperative behind his housing policies.

London’s affordable housing conundrum illustrates the complexity of balancing social ambitions with economic viability. While Sadiq Khan’s initial bold vision encountered resistance and required recalibration, his administration has nonetheless made meaningful strides. The challenge remains to sustain and accelerate this progress amidst evolving financial and regulatory pressures, ensuring that Londoners can access homes they can actually afford.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.standard.co.uk/comment/sadiq-khan-affordable-housing-target-developers-b1250924.html), [[2]](https://www.theguardian.com/politics/2016/may/16/sadiq-khan-developers-housing-plan-london-mayor-affordable)
* Paragraph 2 – [[2]](https://www.theguardian.com/politics/2016/may/16/sadiq-khan-developers-housing-plan-london-mayor-affordable), [[3]](https://www.ibtimes.co.uk/london-mayoral-election-2016-builders-attack-sadiq-khans-unrealistic-affordable-housing-1541456)
* Paragraph 3 – [[4]](https://www.theguardian.com/uk-news/2016/nov/29/london-mayor-sadiq-khan-35-affordable-homes-target-deal-developers)
* Paragraph 4 – [[6]](https://www.standard.co.uk/news/london/mayor-failing-londoners-as-developers-dodge-35-per-cent-affordable-homes-target-a4203856.html)
* Paragraph 5 – [[5]](https://www.telegraph.co.uk/business/2023/11/19/sadiq-khan-miss-london-housing-targets/)
* Paragraph 6 – [[7]](https://www.bbc.com/news/uk-england-london-65595283)
* Paragraph 7 – [[1]](https://www.standard.co.uk/comment/sadiq-khan-affordable-housing-target-developers-b1250924.html), [[5]](https://www.telegraph.co.uk/business/2023/11/19/sadiq-khan-miss-london-housing-targets/), [[7]](https://www.bbc.com/news/uk-england-london-65595283)

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## Bibliography

1. <https://www.standard.co.uk/comment/sadiq-khan-affordable-housing-target-developers-b1250924.html> - Please view link - unable to able to access data
2. <https://www.theguardian.com/politics/2016/may/16/sadiq-khan-developers-housing-plan-london-mayor-affordable> - In May 2016, London Mayor Sadiq Khan announced plans to quadruple the proportion of affordable housing in the capital, aiming for over 50% of homes on some new developments to be affordable. He criticised his predecessor, Boris Johnson, for leaving 'the cupboard bare' and stated that only 13% of new homes in the planning pipeline were affordable. Khan also considered requiring new homes to be marketed locally before being sold to foreign investors to ensure they were not left empty. The Home Builders Federation expressed concerns that setting high affordable housing targets could reduce overall housing supply, as developers might delay or cancel projects if targets were deemed unachievable. Khan's approach marked a significant shift from previous policies, emphasising the need for more affordable housing in London.
3. <https://www.ibtimes.co.uk/london-mayoral-election-2016-builders-attack-sadiq-khans-unrealistic-affordable-housing-1541456> - During the 2016 London mayoral election, Sadiq Khan proposed a 50% affordable housing target for new developments on publicly owned land. Builders criticised this as 'unrealistic,' warning it could lead to fewer developments and exacerbate the housing shortage. The Home Builders Federation argued that such high targets might make projects unviable, reducing the overall supply of housing, including affordable units. The debate highlighted the tension between ambitious housing goals and the practical challenges of the construction industry in London.
4. <https://www.theguardian.com/uk-news/2016/nov/29/london-mayor-sadiq-khan-35-affordable-homes-target-deal-developers> - In November 2016, Mayor Sadiq Khan set a 35% affordable housing target for new developments, a reduction from his earlier 50% pledge. This decision aimed to balance the need for affordable homes with the viability of projects, as developers had expressed concerns over the feasibility of higher targets. Critics argued that this move cast doubt on Khan's commitment to addressing London's housing crisis, while the Mayor emphasised that the 35% target was a step towards the long-term goal of 50% affordable housing.
5. <https://www.telegraph.co.uk/business/2023/11/19/sadiq-khan-miss-london-housing-targets/> - In November 2023, reports indicated that London was at risk of missing its housing targets, with private sector housebuilding virtually grinding to a halt. Analysts suggested that factors such as rising construction costs, taxes affecting foreign buyers, and new building safety regulations had made developments less profitable. Developers were reportedly unable to meet the Mayor's 35% affordable housing target, leading to a significant slowdown in housing starts. The situation underscored the challenges in balancing ambitious housing goals with market realities.
6. <https://www.standard.co.uk/news/london/mayor-failing-londoners-as-developers-dodge-35-per-cent-affordable-homes-target-a4203856.html> - In August 2019, analysis revealed that less than a quarter of new developments approved in London under Mayor Sadiq Khan met his 35% affordable housing target. Of 1,540 developments, only 376 projects (24%) complied, resulting in 48,000 affordable units approved, 20,000 short of the policy's requirements. Critics argued that the Mayor was failing Londoners, while City Hall attributed the shortfall to national loopholes and developers' use of viability assessments to reduce affordable housing contributions.
7. <https://www.bbc.com/news/uk-england-london-65595283> - In May 2023, Mayor Sadiq Khan announced that he had met his target of starting 116,000 affordable homes for Londoners between 2015/16 and 2022/23. This achievement was attributed to the Affordable Homes Programme, which empowered councils and housing associations to build the necessary homes. The Mayor described London's housing crisis as 'a grave social injustice' and highlighted the significant progress made in addressing the shortage of affordable housing in the capital.