# London considers cutting affordable housing targets to speed up housebuilding amid regulatory hurdles



London Mayor Sadiq Khan is currently engaged in discussions with the government to accelerate housebuilding in the capital, including considering the reduction of affordable housing targets. Khan described the situation as a “perfect storm” of challenges, citing high construction costs, regulatory hurdles, and planning restrictions that are stalling development. He indicated that these talks might lead to measures such as “freeing up regulation” or changing planning rules to “turbocharge” housebuilding in London.

One of the key proposals reportedly under consideration is lowering the affordable housing requirement for developers from the existing 35 per cent to around 20 per cent. This move aims to improve site viability and increase the overall supply of new homes. Industry representatives have welcomed this prospect. Steve Turner, executive director of the Home Builders Federation, described the potential target reduction as “very positive,” pointing out that the current economic climate, with a rising list of taxes and policy costs, means many sites cannot sustain the 35 per cent threshold. Turner also highlighted other impediments, including delays caused by the Building Safety Regulator and stringent London Plan requirements that go beyond those in other regions.

Supporting this view, Daniel Austin, chief executive and co-founder of specialist lender ASK Partners, noted that the 35 per cent affordable housing requirement has often been “unworkable,” with some developers opting to pay penalties rather than meet the quota, as it can be financially more feasible. Austin welcomed the potential reduction to 20 per cent as a step that could enhance development economics and ultimately boost the supply of much-needed affordable homes.

The Greater London Authority has previously adjusted its affordable housing ambitions in light of challenging conditions. In May 2025, Khan and the government agreed to scale back the Affordable Homes Programme target for 2021-2026 by about 22 per cent—from between 23,900-27,100 starts to a revised range of 17,800-19,000. The Deputy Mayor for Housing, Tom Copley, emphasised that these were “hard decisions” aimed at improving housing supply across all tenures in the capital, acknowledging the impacts of soaring construction costs and regulatory delays.

Despite these challenges, Khan highlighted progress made since taking office, noting that more than 63,800 affordable homes were completed between 2015-16 and 2022-23, meeting his initial housebuilding target. However, critics from the Conservative faction in the London Assembly have expressed frustration with the pace of delivery and called for more focus on completing existing projects rather than planning future ones.

The mayor has also faced criticism regarding the slow start of new affordable housing construction. For example, figures from late 2024 revealed that only 902 affordable homes began construction in the final quarter of that year, a rate deemed “catastrophic” by Shadow Housing Secretary Kevin Hollinrake. Similarly, in mid-2024, only 150 affordable homes started construction across Greater London in a three-month period, leading to calls from City Hall Conservatives to place the mayor’s housing programme under “special measures.” Khan's office has attributed these slow progress rates to the “disastrous legacy” of the previous government but maintains a firm commitment to accelerating delivery.

Khan's strategy also includes broader approaches, such as actively exploring development on greenbelt land and utilising initiatives like the Land Fund, which has enabled over 8,000 new homes to start construction ahead of schedule, with nearly 6,700 of these being affordable homes for social rent—the highest level since Khan took office.

The government has stressed the scale of the challenge, estimating that London needs 88,000 new homes annually to meet the national target of building 1.5 million new homes by 2029. Yet, actual completions are far below this figure. Last year, fewer than 12,000 homes were completed in London, with just over half of these being affordable or social rent tenures. In early 2025, fewer than 1,000 homes began on site during the third quarter alone, signalling a significant shortfall in new housing supply.

As negotiations continue, Khan’s office insists that no option is off the table in efforts to boost housing delivery in London. The mayor’s spokesperson confirmed that Khan is taking “hard decisions” to deliver more homes of all tenures and is determined to work closely with the government despite the economic pressures, rising costs, and regulatory delays that currently weigh heavily on housebuilding across the capital.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.constructionnews.co.uk/government/london-mayor-in-talks-to-cut-affordable-housing-target-03-10-2025/), [[4]](https://www.bbc.co.uk/news/articles/cy5k6d1zy7yo), [[6]](https://www.standard.co.uk/news/london/sadiq-khan-affordable-housing-programme-london-homes-labour-government-mayor-tories-b1176234.html)
* Paragraph 2 – [[1]](https://www.constructionnews.co.uk/government/london-mayor-in-talks-to-cut-affordable-housing-target-03-10-2025/), [[2]](https://www.bbc.com/news/articles/c8e6w89537lo)
* Paragraph 3 – [[1]](https://www.constructionnews.co.uk/government/london-mayor-in-talks-to-cut-affordable-housing-target-03-10-2025/), [[2]](https://www.bbc.com/news/articles/c8e6w89537lo), [[6]](https://www.standard.co.uk/news/london/sadiq-khan-affordable-housing-programme-london-homes-labour-government-mayor-tories-b1176234.html)
* Paragraph 4 – [[3]](https://www.bbc.co.uk/news/uk-england-london-65595283), [[6]](https://www.standard.co.uk/news/london/sadiq-khan-affordable-housing-programme-london-homes-labour-government-mayor-tories-b1176234.html)
* Paragraph 5 – [[4]](https://www.bbc.co.uk/news/articles/cy5k6d1zy7yo), [[6]](https://www.standard.co.uk/news/london/sadiq-khan-affordable-housing-programme-london-homes-labour-government-mayor-tories-b1176234.html)
* Paragraph 6 – [[1]](https://www.constructionnews.co.uk/government/london-mayor-in-talks-to-cut-affordable-housing-target-03-10-2025/), [[7]](https://www.london.gov.uk/mayor-london-set-deliver-8000-homes-five-years-ahead-2030-target)
* Paragraph 7 – [[1]](https://www.constructionnews.co.uk/government/london-mayor-in-talks-to-cut-affordable-housing-target-03-10-2025/), [[2]](https://www.bbc.com/news/articles/c8e6w89537lo), [[5]](https://www.bbc.co.uk/news/articles/c2k09dnjvy3o)

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## Bibliography

1. <https://www.constructionnews.co.uk/government/london-mayor-in-talks-to-cut-affordable-housing-target-03-10-2025/> - Please view link - unable to able to access data
2. <https://www.bbc.com/news/articles/c8e6w89537lo> - In May 2025, London's Mayor Sadiq Khan and the government agreed to reduce the Affordable Homes Programme target for 2021-2026 from 23,900-27,100 starts to 17,800-19,000, a 22% decrease. Deputy Mayor for Housing, Tom Copley, stated that Khan was 'taking the hard decisions to improve housing supply of all tenures'. The Greater London Authority cited high construction costs and regulatory delays as factors contributing to the decision. The revised target aims to ensure the delivery of more affordable and social homes within the 2021-2026 programme.
3. <https://www.bbc.co.uk/news/uk-england-london-65595283> - Mayor Sadiq Khan announced that 63,817 affordable homes were completed between 2015-16 and 2022-23, meeting his housebuilding target. He stated, 'This is the start of the housebuilding revolution we need.' However, Conservative London Assembly chair Andrew Boff criticised the mayor for focusing on future plans rather than completing existing homes. The figures include 7,189 affordable homes started in the final year of the previous mayor's term, 2015-16, when Boris Johnson was in office.
4. <https://www.bbc.co.uk/news/articles/cy5k6d1zy7yo> - In February 2025, Shadow Housing Secretary Kevin Hollinrake criticised Mayor Sadiq Khan's affordable homes programme, describing its progress as 'catastrophic'. Between October and December 2024, construction began on 902 new affordable homes under the programme. The mayor's office attributed the sluggish progress to 'the disastrous legacy of the previous government' and expressed determination to 'turbocharge the delivery of housing'.
5. <https://www.bbc.co.uk/news/articles/c2k09dnjvy3o> - In November 2024, Mayor Sadiq Khan stated that without additional financial support from the government, he would not meet his affordable housing target for London. He outlined several requests to the Labour government, including increased financial support for affordable housing. The Ministry for Housing, Communities and Local Government responded by stating it would work in partnership with the mayor to tackle the housing crisis and deliver the homes London needs.
6. <https://www.standard.co.uk/news/london/sadiq-khan-affordable-housing-programme-london-homes-labour-government-mayor-tories-b1176234.html> - In August 2024, City Hall Conservatives called for Mayor Sadiq Khan to be placed in 'special measures' due to the 'unacceptably low' amount of affordable housing being built in London. Data showed that between April and June 2024, work began on just 150 affordable properties across Greater London under the mayor's programme. The mayor's office attributed the slow progress to challenges inherited from the previous government and expressed determination to build the genuinely affordable homes that London needs.
7. <https://www.london.gov.uk/mayor-london-set-deliver-8000-homes-five-years-ahead-2030-target> - In August 2025, Mayor Sadiq Khan announced that more than 8,000 new homes had been started via his Land Fund, five years ahead of schedule. The Land Fund, established in 2017, aims to tackle London's housing crisis by providing financing for projects, including buying land for developers and partners. Nearly 6,700 of these homes are affordable homes for social rent, the highest level since Khan took office in 2016.