# London considers cutting affordable housing targets to stimulate housebuilding



The Mayor of London, Sadiq Khan, is preparing to significantly reduce the affordable housing requirements for developers in a bid to reinvigorate the capital’s stalled housebuilding sector. Proposals currently under discussion with Housing Secretary Steve Reed could cut the mandated affordable homes ratio from 35% to as low as 20%. This move aims to tackle the severe slowdown in housing construction across London, where only 3,248 private-sector homes were started in the first quarter of 2025 alone—a figure emblematic of a construction industry nearly at a standstill.

Khan has acknowledged the critical role of council housing, drawing on his personal experience growing up on a council estate and noting that his administration has overseen more council house construction than any time since the 1970s. However, he insists that reforms are necessary to "kickstart" housebuilding as London faces a "perfect storm" of challenges. These include soaring construction costs, high interest rates, and delays imposed by the Building Safety Regulator, all of which have throttled development.

Ministers have set an ambitious target for London to deliver 88,000 new homes annually up to 2029 as part of a UK-wide plan for 1.5 million new homes. Nevertheless, affordable housing starts in London fell to just 347 between April and June 2025, heightening concern among officials and prompting intense discussions about planning reform and financial incentives.

While the Mayor and government officials argue the need for pragmatic adjustments, critics warn that lowering affordable housing requirements will exacerbate London’s housing crisis. Green Party London Assembly member Zoë Garbett has condemned the proposals as favouring developers over struggling Londoners, highlighting the acute homelessness crisis with 90,000 children in temporary accommodation. She called on the Mayor to demand increased government funding for genuinely affordable social homes instead of relaxing targets that predominantly benefit private developers.

Similarly, Liberal Democrat Assembly member Hina Bokhari described the prospective cuts as "letting developers off the hook," warning it will worsen the emergency faced by families trapped in housing limbo. Conversely, Conservative Assembly member Lord Bailey supported the change, criticising Khan’s previous resistance and describing affordable housing targets as barriers to viable development amid soaring rents and mortgage costs.

Data from recent years reflects the struggle to meet affordable housing demands in London. In the 2024/25 financial year, fewer than 4,000 affordable homes were started—one of the lowest totals since 2013—with some boroughs, including Bexley and the City of London, starting none at all that year. This prompted a government revision of London’s affordable housing target downward to between 17,800 and 19,000 homes by March 2026 to allow more flexibility in funding stalled projects and incentivising developers to commence more schemes.

Despite the setbacks, the Mayor has also highlighted successes such as the Mayor’s Land Fund, which delivered over 8,000 new homes five years ahead of its 2030 target. This fund, launched in 2017, has leveraged public investment to unlock land for housing development, aiming to accelerate construction, particularly of social and affordable homes. Alongside this, the Government has allocated up to £11.7 billion over the next decade to support social and affordable housebuilding in London—a commitment Khan welcomed as a vital part of the ongoing effort to tackle the housing crisis.

A spokesperson for the Mayor’s office emphasised that the proposed reforms are part of a broader strategy to unblock stalled sites and speed up home delivery, including affordable homes. The Mayor insists that he remains committed to maximising affordable housing output, pointing to the record number of new homes completed before the pandemic and a programme that started more council homes than at any point since the 1970s.

However, a Whitehall source noted that no final decisions on the affordable housing target reduction have yet been made, though they acknowledged the dire state of housebuilding: the number of private homes under construction has fallen by a third since 2020, and affordable home starts remain critically low. They stressed the necessity of exploring all possible levers to resolve the housing emergency inherited from previous governments, including revising targets to get more homes built urgently.

The time-limited nature of the proposed affordable homes reduction—expected to last no more than two years—indicates a temporary measure to ease pressure on developers during an unprecedented construction downturn. Officials hope that with these changes, alongside continued government funding and new City Hall initiatives such as a Developer Investment Fund, London can regain momentum in delivering the housing stock the city desperately needs ahead of the next mayoral elections in 2028.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628), [[6]](https://www.standard.co.uk/news/london/london-housing-developers-20-rule-affordable-homes-sadiq-khan-steve-reed-b1253441.html)
* Paragraph 2 – [[1]](https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628), [[6]](https://www.standard.co.uk/news/london/london-housing-developers-20-rule-affordable-homes-sadiq-khan-steve-reed-b1253441.html)
* Paragraph 3 – [[1]](https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628)
* Paragraph 4 – [[1]](https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628)
* Paragraph 5 – [[1]](https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628)
* Paragraph 6 – [[1]](https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628), [[2]](https://www.standard.co.uk/news/london/housing-crisis-affordable-homes-sadiq-khan-mayor-2024-25-b1227661.html), [[5]](https://www.standard.co.uk/news/london/affordable-homes-construction-sadiq-khan-city-hall-b1182624.html)
* Paragraph 7 – [[3]](https://www.london.gov.uk/mayor-london-set-deliver-8000-homes-five-years-ahead-2030-target)
* Paragraph 8 – [[1]](https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628), [[3]](https://www.london.gov.uk/mayor-london-set-deliver-8000-homes-five-years-ahead-2030-target)
* Paragraph 9 – [[1]](https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628), [[6]](https://www.standard.co.uk/news/london/london-housing-developers-20-rule-affordable-homes-sadiq-khan-steve-reed-b1253441.html)
* Paragraph 10 – [[1]](https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628), [[6]](https://www.standard.co.uk/news/london/london-housing-developers-20-rule-affordable-homes-sadiq-khan-steve-reed-b1253441.html), [[2]](https://www.standard.co.uk/news/london/housing-crisis-affordable-homes-sadiq-khan-mayor-2024-25-b1227661.html)

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## Bibliography

1. <https://www.mylondon.news/news/zone-1-news/london-affordable-housing-target-developers-32713628> - Please view link - unable to able to access data
2. <https://www.standard.co.uk/news/london/housing-crisis-affordable-homes-sadiq-khan-mayor-2024-25-b1227661.html> - In May 2025, the UK government reduced Mayor Sadiq Khan's affordable housing targets after only 3,991 affordable homes were started in 2024/25, the second-lowest annual total since 2013/14. The targets were adjusted from 23,900 to 27,100 homes to a range of 17,800 to 19,000 by March 2026. This revision aims to provide more flexibility for City Hall to address stalled projects and encourage developers to initiate more housing schemes. As of the latest data, 5,188 affordable homes have been started, leaving over 12,000 more homes to be initiated in the current financial year to meet the revised target. A mayoral spokeswoman stated the goal is to start at least the midpoint of the reduced target, approximately 18,400 homes. The lower target allows City Hall to allocate funds to projects stalled by rising costs and incentivize developers to bring forward more housing schemes. In 2024/25, no affordable homes were started in Bexley or the City of London, and six other boroughs reported single-digit starts. The revised targets reflect the challenges in London's housing market and the need for strategic interventions to boost construction and meet the city's housing demands.
3. <https://www.london.gov.uk/mayor-london-set-deliver-8000-homes-five-years-ahead-2030-target> - In August 2025, Mayor Sadiq Khan announced that the Mayor’s Land Fund had delivered over 8,000 new homes, five years ahead of the 2030 target. Established in 2017, the Land Fund aims to tackle London's housing crisis by providing financing for projects, including land acquisition for developers and partners, to accelerate homebuilding. The fund's innovative approach has enabled City Hall to unlock more housing opportunities at a faster pace. The Mayor welcomed a package of changes announced by the Government, including the largest and longest funding settlement for affordable and social housebuilding in the capital, and support for a new City Hall Developer Investment Fund to build on the Land Fund’s record. London will receive up to £11.7 billion over the next ten years to support social and affordable housebuilding. The Mayor emphasized the need for continued efforts to address the housing crisis and expressed optimism about the progress made through the Land Fund and the new funding commitments.
4. <https://www.standard.co.uk/news/london/sadiq-khan-affordable-housing-programme-london-homes-labour-government-mayor-tories-b1176234.html> - In early 2025, the Conservative Party criticized Mayor Sadiq Khan's affordable housing programme, highlighting that only 902 new affordable homes were started between October and December of the previous year. This slow progress led to calls for the Labour Government to place Khan in 'special measures' over the issue. The Mayor's office attributed the sluggish progress to the 'disastrous legacy of the previous government' and expressed determination to accelerate housing delivery. The government had announced an extra £300 million to boost affordable housebuilding nationally, with London receiving £60 million. The Mayor's office emphasized the need for greater government investment to address the housing crisis effectively.
5. <https://www.standard.co.uk/news/london/affordable-homes-construction-sadiq-khan-city-hall-b1182624.html> - In September 2024, reports indicated that the number of affordable homes being built in London had fallen to the lowest level since Sadiq Khan became mayor eight years prior. Only 2,358 homes were started with City Hall funding in 2023-24, with ten of the capital’s 33 boroughs not initiating any affordable housing projects. The London Assembly's annual housing monitor revealed that some boroughs, including Bexley, Harrow, Richmond, and the City of London, started only one affordable home each over the 12-month period. The Mayor's office acknowledged the challenges in the housing market and emphasized the need for strategic interventions to boost construction and meet the city's housing demands.
6. <https://www.standard.co.uk/news/london/london-housing-developers-20-rule-affordable-homes-sadiq-khan-steve-reed-b1253441.html> - In October 2025, reports emerged that Mayor Sadiq Khan and Housing Secretary Steve Reed were considering reducing the required percentage of affordable homes in new developments from 35% to 20% to stimulate housebuilding in London. This change was expected to be time-limited, likely lasting no more than two years, and aimed to address the construction industry's crisis. A City Hall source indicated that the new rules would remain in place while the construction industry faced challenges, with the expectation of returning to a higher affordable housing ratio before the next mayoral elections in May 2028. The move was part of broader efforts to boost housing delivery and address the capital's housing needs.