



Regulator of  
Social Housing

# Making a formal application for an exemption to the Rent Standard

Explanatory note

01/04/2026



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# 1. Background

- 1.1 This guidance covers the mechanism for private registered providers (providers) to apply to the regulator for an exemption or variation under the Rent Standard 2026 (the Rent Standard)<sup>1</sup>. Separate guidance is published for local authorities by the Ministry of Housing, Communities and Local Government on the GOV.UK website<sup>2</sup>.
- 1.2 Reflecting paragraph 4 of the Direction on the Rent Standard 2026 made by the Secretary of State for Housing, Communities and Local Government, paragraph 2.4 of the Rent Standard provides that the regulator may, in relation to a provider, grant an exemption from or vary a requirement of the Rent Standard if the regulator considers that complying with the requirement would jeopardise the financial viability of the provider.
- 1.3 Any such exemption or variation will only be effective if it is in writing and signed by or on behalf of the regulator.

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<sup>1</sup> Previous guidance that related to exemption under the Rent Standard 2020 has been removed and no longer has effect

<sup>2</sup> [Local authority guidance for formal applications to disapply government rent policy - GOV.UK](#)

## 2. Process for obtaining an exemption

- 2.1 The formal process for obtaining an exemption or variation involves the regulator assessing whether the provider's financial viability would be jeopardised by compliance with a requirement in the Rent Standard, and if it considers that it would, what exemption or variation to the Rent Standard it is minded to make.
- 2.2 Providers are reminded that the regulator has a range of options available for responding to providers whose financial viability is threatened, of which providing an exemption or variation to the Rent Standard is just one.
- 2.3 The regulator will pose the following question:
- In a scenario where all of the requirements of the Rent Standard continue to apply to the provider, will the rent collected for the stock be sufficient to cover the costs associated with carrying out basic functions and generating a minimal margin (i.e. the minimum needed to allow the organisation to cope with downside risk) such as to allow it to continue to be let as social housing?
- 2.4 In considering the question the regulator will ask the following, and may raise any other relevant matters:
- Would any further reductions in expenditure jeopardise the ability of the provider to maintain the stock at a level sufficient to appropriately ensure the health and safety of residents and allow its continued use as social housing over the longer term?
  - Has the provider considered within reason all options for reducing expenditure, including looking at all contractual commitments and providing assurance and evidence of advice around the feasibility of getting out of any commitments where to do so would improve the financial viability of the organisation?
  - Has the provider considered within reason all possible options to ensure continued financial viability?
- 2.5 The regulator will assess each case according to the specific circumstances of the provider and the evidence the regulator is being asked to consider.

- 2.6 The regulator will determine whether compliance with the relevant requirement(s) of the Rent Standard would jeopardise the provider's financial viability and, if so, what exemption or variation it is minded to make.
- 2.7 If the regulator does not conclude that the provider's financial viability would be jeopardised, or if it decides that an exemption or variation would not be the most appropriate response to a viability issue, the regulator will notify the provider that its application has been unsuccessful.

## 3. Applying for an exemption

3.1 There is no prescribed format for applications. It is the responsibility of the provider to demonstrate the need for an exemption based on the provisions of the Rent Standard, and to present a robust and detailed business case in support. The regulator would generally expect that this will set out in detail (with supporting evidence) how the provider has answered the questions set out above, including (without limitation):

- The financial and non-financial effects on the business of continuing to meet all the requirements of the Rent Standard
- The conclusions of a detailed and comprehensive review of its cost base and all activity undertaken or proposed to mitigate any need for an exemption from the Rent Standard and maintain financial viability
- Full details of the Board's financial viability concerns after all possible mitigating action has been undertaken and/or fully reflected in financial forecasts
- Full details of the key underlying assumptions, including inflation and interest rates, impact on covenant performance, future investment needs, sales, re-lets etc. that the business case is based on.

3.2 The application should also be supported by financial forecasts and accompanying narrative based on each of the following scenarios:

- A baseline forecast for continuing to need to meet the Rent Standard requirements in full demonstrating the income shortfall arising.
- A revised scenario incorporating the applicant's proposals to mitigate the income shortfall identified when meeting Rent Standard requirements in full. This assessment should demonstrate how the provider has attempted to meet the income shortfall themselves and will establish the residual income shortfall. This scenario should be supported by narrative outlining the strategies applied to mitigate the income shortfall.
- A proposed resolution scenario incorporating the provider's proposals to mitigate the income shortfall and the exemption and/or variation request considered necessary to maintain financial viability whilst appropriately ensuring the health and safety of tenants and protecting the ability to use the homes as social housing over the longer term. This should demonstrate the provider's financial viability under the proposed resolution, should the exemption and/or variation be granted as requested.

- 3.3 The results of all scenarios should be shown with reference to the minimum performance requirement under loan covenants.
- 3.4 The overarching requirement is that the provider must demonstrate and evidence that full compliance with the Rent Standard would jeopardise the provider's financial viability.



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Any enquiries regarding this publication should be sent to us via [enquiries@rsh.gov.uk](mailto:enquiries@rsh.gov.uk)

or call 0300 124 5225.

or write to:

Regulator of Social Housing

Level 2

7-8 Wellington Place

Leeds LS1 4AP

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