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GLASGOW HOUSING ASSOCIATION
REGISTERED SOCIAL LANDLORD

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27 March 2008

Aileen Piacentini
Highlander House
58 Waterloo Street
GLASGOW
G2 7DA

Dear Aileen,

Re: HAG Financial Appraisal 2008-09

Thank you for the opportunity to comment on the draft appraisal guidance note for 08/09. We welcome this opportunity to comment on the guidance and have tested the impact of the revised assumptions on our recently approved Phase 1 New Build project for comparison and internal benchmark purposes.

We note that the new assumptions would result in significantly less HAG than under those for 07/08, this is clearly of concern to the RSL movement but as you are aware, GHA is pursuing an ambitious procurement efficiency agenda and would hope that we will remain competitive in the subsidy market.

We note that the interest rate assumptions used for HAG calculation have remained constant, this is welcome, however the new private finance factor means a greater onus on RSLs to raise increased amounts of borrowing and this in turn increases development risk for RSL's; we would seek to confirm that such risks are considered in the context of RSL's ability to absorb increasing risk.

If you would like to discuss this further with me prior to formal issue of the guidance I would be happy to do so.

Yours sincerely,

P.P.

David Fletcher
Head of Regeneration

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