

**RUGBY BOROUGH COUNCIL  
COMMENTS ON VIABILITY IN RESPONSES TO REGULATION 19 LOCAL PLAN  
CONSULTATION**

**1. Introduction**

In December 2025, we<sup>1</sup> provided a viability assessment of Rugby Borough Council’s emerging Local Plan which the Council published as part of the evidence base in its Regulation 19 consultation.

The Council has summarised the comments received on viability and this note summarises our responses.

**2. General comments**

Comment in representation	Response
<p>In terms of the typologies tested it is unclear why no development typologies of between 200 and 500 homes have been considered. Particularly given the reliance of the plan on 3 allocations of 250 homes each (sites 338, 315, 253), one of 285 homes (site 59) and one of 400 homes site 316). Given the viability changes for larger sites indicated by the evidence so far, the evidence should consider the viability of typologies in these ranges.</p>	<p>The LPVS tests a range of sites from 5 units to 700. At the larger end of this scale, we have tested schemes of 200, 500, 600 and 700 units. The representation appears to be suggesting that the viability of schemes that site somewhere between the range of 200 to 500 units would be markedly different from the outputs of the lower and higher end of the range.</p> <p>We have nevertheless amended Typology 16 to 300 and 400 units and the outputs for price point I (£4,325 per square metre) are attached as Appendix 1, together with the outputs for the original Typology 16 (200 units) and 18 (500 units). As would be expected, the residual land values for 300 and 400 units sit in between the range previously identified by the appraisals for 200 and 500 units.</p>
<p>We note that paragraphs 6.27 to 6.29 and tables 6.28.1 to 6.28.6 state they cover testing of the cumulative impact of emerging policies. However, the figures in this table are expressed as the overall BLV whereas in the earlier tables the figures are expressed as £ per sqm so it is difficult to compare across the two sections. As the individual appraisals have not been made available it has not been possible to confirm that the cumulative assessments have been undertaken correctly.</p>	<p>The author of the representation has misunderstood the outputs. All the outputs in tables 6.27 are residual land values which are compared to the relevant BLV for each site.</p> <p>The earlier tables (e.g. tables 6.19.1 to 6.19.9 and 6.7.1 to 6.7.9 are also residual land values. None of these tables are expressed in square metre values as claimed in the representations. The references to “square metres” in table headings refers to the underlying sales values applied to the residential floorspace in each table.</p>
<p>There appears to be an error on the base cost and total (before policy costs) stated for Houses in table 4.15.1 as the base cost is higher than the total cost. As the appraisals have not been provided it is unclear whether this error has been included in the appraisals themselves.</p>	<p>This was merely a typo in the table. The correct cost has been applied in the appraisals. For the avoidance of doubt, the base cost is £1,467 per square metre (as can be seen in column 13 in Appendix 2) to which a 10% external works allowance is applied, resulting in a total of £1,613 per square metre</p>
<p>Query evidence for assumptions made on the cost uplift of achieving net-zero carbon or Future Homes Standard.</p>	<p>Emerging Policy CL1 requires that developments should be net zero carbon in operation. The Council has sought specialist</p>

<sup>1</sup> The Regulation 19 Local Plan Viability Study was undertaken by BNP Paribas Real Estate. On 1 March 2026, the BNP Paribas Real Estate viability service line transferred to Quintic Advisory.

Comment in representation	Response
	advice on the specific policy requirements from Bioregional, who have advised that the extraover cost for two scenarios equate to 3.2% and 4% of construction costs, both of which are tested in the LPVS. Policy CL1 is more stringent than the Future Homes Standard so no additional allowances are required for FHS.
It is not clear why a blanket 7% professional fees has been applied across all typologies. We would typically expect to see 10% used for developments under 50 dwellings.	Professional fees do not reduce with scale so this suggestion is incorrect.

### 3. Lodge Farm appraisal

Comment in representation	Response
Similarly, while there is reference at Table 6.30.1 to 5% contingency costs being assumed for Lodge Farm and North West Rugby “in line with main appraisal assumptions” there is no explanation of this figure in the assumptions section of the report and it is not apparent what it has been applied to.	All of the appraisals (both the typologies and the site allocations) incorporate a 5% contingency in line with standard market practice. In the Lodge Farm appraisal, it can be noted that this contingency equates to £18,951,218, which is 5% of base residential construction costs and external works (i.e. £329,586,370 plus £49,437,960). Arguably, the contingency should also be applied to the non-residential construction costs and the on-site plot construction costs. Applying the contingency to these costs would increase the contingency sum to £24,367,175.
We note as well that the Lodge Farm appraisal appears to include an erroneous £1,555,000 for A426 roundabout widening, but this is not included in the list set out in table 6.31.1.	This cost has been removed from the appraisal.
The values set out in the report for affordable housing have not been applied in the Lodge Farm appraisal. Instead, it appears that a different lower set of assumptions have been applied.	These values were based on the South West Rugby strategic allocation FVA values. Nevertheless, in our revised appraisal, we have applied the same capital values for the affordable housing in Table 4.10.1. (i.e. £190 per square foot for social rented units). For the shared ownership units, the current value of £244 per square foot equates to 70% of market value (based on £344 per square foot) which is reasonable and we have retained this figure in our revised appraisal.
The assumptions for residential areas also appear to differ from the 94 sqm average GIA used for the rest of the study.	The floor area in the Lodge Farm appraisal equates to an average of 92 square metres per private unit compared to 94 square metres in the main appraisals. The difference is de minimis, but nevertheless we have re-sized all residential units to 94 square metres in our revised appraisal.
The assumed total sales rate of 180 units per annum is not agreed with. We suggest that the total open market sales rate per annum should instead be 180 units, on the basis of 3 open market units per month, with 5 flags at any one time. Which would bring the overall sales period down from 14 years to 10.5.	This has no bearing on the outcome of the appraisal, as the land value is negative. Argus treats this negative land value as a ‘dowry’ resulting in a significant understatement of finance costs (as can be noted in the appraisal, there are currently no financing costs). So speeding up the programme makes no difference to the outcome with the appraisal structured in its current form, as there would be no change to finance costs.  We have considered the impact of inputting the BLV into the appraisal as a land cost and shortening the programme – this is discussed later.
The community floorspace revenue is only applied to 10% of the floor area.	We have amended this in the revised appraisal.

<b>Comment in representation</b>	<b>Response</b>
The commercial floorspace build rates don't equate to the rates quoted in the report.	<p>The commercial build rates reflected the assumptions made by the landowners of the South West Rugby strategic sites in their FVAs.</p> <p>The representation does not refer to a specific table in our report, we therefore assume that they are referring to the construction costs in Table 4.15.1. We have departed from the costs applied by the landowners at South West Rugby and applied the costs in Table 4.15.1 in our revised appraisal.</p>
We consider that sales values should be increased above £340 per sqft to £344.	No evidence has been submitted to support this revised figure, but we have tested it in our revised appraisal.

#### **4. Revised Lodge Farm appraisal**

Our revised appraisal is attached as Appendix 2.

With the amendments above, the appraisal generates a negative residual land value of - £58.28 million, resulting in a deficit of £121.31 million against the Benchmark Land Value.

However, as noted above, this negative land value is treated by Argus Developer as a 'dowry' which reduces finance costs. If the Benchmark Land Value of £63.03 million is input into the appraisal as a cost, the deficit increases to £147.67 million (see Appendix 3).

If the overall programme were reduced to circa 10 years (as suggested in the representation), the deficit would fall to £143.10 million (see Appendix 4).

**APPENDIX 1 – APPRAISAL OUTPUTS FOR ADDITIONAL TYPOLOGIES WITH 300 AND 400 UNITS**

**BENCHMARK LAND VALUE 4 (LOWER GREENFIELD) - £247,000 PER GROSS HECTARE**

	Description	No of units	BLV	Residual land values / affordable housing percentage										
				0% AH	5% AH	10% AH	15% AH	20% AH	25% AH	30% AH	35% AH	40% AH	45% AH	50% AH
16	Residential Large site - low density	200	£2,016,327	17,117,997	16,320,858	15,529,189	14,742,990	13,962,261	13,187,003	12,417,214	11,652,896	10,894,047	10,140,669	9,392,760
16A	Residential Large site - low density	300	£3,031,134	23,857,897	22,662,189	21,474,684	20,295,387	19,124,293	17,961,405	16,806,722	15,660,245	14,521,972	13,391,904	12,270,042
16B	Residential Large site - low density	400	£4,031,106	26,768,187	25,455,144	24,151,060	22,855,937	21,568,831	20,285,247	19,010,675	17,745,117	16,488,570	15,241,036	14,002,515
18	Strategic scale site - low density	500	£5,928,000	27,676,588	25,740,553	23,814,863	21,902,473	20,003,385	18,117,596	16,245,109	14,385,920	12,540,034	10,707,447	8,888,161

**APPENDIX 2 – LODGE FARM – REVISED APPRAISAL**

Lodge Farm  
Full policy and planning obligation requirements

**Lodge Farm  
Full policy and planning obligation requirements**

**Appraisal Summary for Phase 1 Homes England**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales	Adjustment	Net Sales
Market units	1,876	1,898,512	344.00	348,128	653,088,128	0	653,088,128
Intermediate units	241	243,892	244.00	246,928	59,509,648	0	59,509,648
Rented units	563	569,756	190.00	192,280	108,253,640	0	108,253,640
Retail / F&B	1	26,910	250.00	6,727,500	6,727,500	0	6,727,500
Employment floorspace	1	172,224	200.00	34,444,800	34,444,800	0	34,444,800
Community floorspace	1	16,146	250.00	4,036,500	4,036,500	0	4,036,500
<b>Totals</b>	<b>2,683</b>	<b>2,927,440</b>			<b>866,060,216</b>	<b>0</b>	<b>866,060,216</b>

**NET REALISATION** **866,060,216**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price (Negative land)	(58,276,964)	(58,276,964)
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**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost
Market units	1,898,512	130.00	246,806,560
Intermediate units	243,892	130.00	31,705,960
Rented units	569,756	130.00	74,068,280
Retail / F&B	26,910	160.00	4,305,600
Employment floorspace	172,224	88.81	15,295,213
Community floorspace	16,146	150.00	2,421,900
<b>Totals</b>	<b>2,927,440 ft<sup>2</sup></b>		<b>374,603,513</b>

Contingency	5.00%	25,479,064	25,479,064
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**Other Construction Costs**

Future Homes Standard	3.20%	11,282,586
External works	15.00%	52,887,120
On site plot infrastructure	2,680 un 25,000.00 /un	67,000,000
EV charging points	2,680 un 500.00 /un	1,340,000
BNG	0.70%	2,468,066
		134,977,771

**Municipal Costs**

Building Safety Levy	1,898,512 ft <sup>2</sup>	2.62	4,974,101
GP surgery			5,500,000
Primary school			28,000,000
Secondary school			35,000,000
Sports pitches infra & maintenance			9,455,669
Residual S106	2,680 un	2,646.00 /un	7,091,280
Bus and travel planning			10,000,000
Strategic cycling route			7,303,000
A45 by pass road			30,000,000
A45/M45 Thursaton Interchange			61,000,000
A5/A428 Halfway House Roundabout			1,000,000
Norton Lane / A361			600,000
			199,924,050

**PROFESSIONAL FEES**

Architect	7.00%	34,933,200	34,933,200
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**MARKETING & LETTING**

Marketing	2.00%	13,061,763	13,061,763
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**DISPOSAL FEES**

Sales Agent Fee	1.00%	8,660,602
Sales Legal Fee	0.25%	2,165,151
		10,825,753

**MISCELLANEOUS FEES**

Profit on private	17.50%	114,290,422
Profit on affordable	6.00%	10,065,797
Profit on commercial	15.00%	6,175,845
		130,532,065

**TOTAL COSTS** **866,060,216**

**PROFIT**

**0**

**Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
IRR% (without Interest)	0.00%

**APPENDIX 3 – LODGE FARM – REVISED APPRAISAL (BLV AS AN INPUT COST)**

Lodge Farm  
Full policy and planning obligation requirements  
BLV input as a land cost

**Lodge Farm  
Full policy and planning obligation requirements**

**Appraisal Summary for Phase 1 Homes England**

Currency in £

**REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales	Adjustment	Net Sales
Market units	1,876	1,898,512	344.00	348,128	653,088,128	0	653,088,128
Intermediate units	241	243,892	244.00	246,928	59,509,648	0	59,509,648
Rented units	563	569,756	190.00	192,280	108,253,640	0	108,253,640
Retail / F&B	1	26,910	250.00	6,727,500	6,727,500	0	6,727,500
Employment floorspace	1	172,224	200.00	34,444,800	34,444,800	0	34,444,800
Community floorspace	1	16,146	250.00	4,036,500	4,036,500	0	4,036,500
<b>Totals</b>	<b>2,683</b>	<b>2,927,440</b>			<b>866,060,216</b>	<b>0</b>	<b>866,060,216</b>

**NET REALISATION** **866,060,216**

**OUTLAY**

**ACQUISITION COSTS**

Fixed Price	63,030,000						
Fixed Price (633.00 Acres @ 99,573.46 /Acre)			63,030,000				
				63,030,000			
Stamp Duty		5.00%	3,151,500				
Agent Fee		1.00%	630,300				
Legal Fee		0.80%	504,240				
					4,286,040		

**CONSTRUCTION COSTS**

Construction	ft²	Build Rate ft²	Cost	
Market units	1,898,512	130.00	246,806,560	
Intermediate units	243,892	130.00	31,705,960	
Rented units	569,756	130.00	74,068,280	
Retail / F&B	26,910	160.00	4,305,600	
Employment floorspace	172,224	88.81	15,295,213	
Community floorspace	16,146	150.00	2,421,900	
<b>Totals</b>	<b>2,927,440 ft²</b>		<b>374,603,513</b>	
Contingency		5.00%	25,479,064	
				400,082,578

**Other Construction Costs**

Future Homes Standard		3.20%	11,282,586			
External works		15.00%	52,887,120			
On site plot infrastructure	2,680 un	25,000.00 /un	67,000,000			
EV charging points	2,680 un	500.00 /un	1,340,000			
BNG		0.70%	2,468,066			
					134,977,771	

**Municipal Costs**

Building Safety Levy	1,898,512 ft²	2.62	4,974,101			
GP surgery			5,500,000			
Primary school			28,000,000			
Secondary school			35,000,000			
Sports pitches infra & maintenance			9,455,669			
Residual S106	2,680 un	2,646.00 /un	7,091,280			
Bus and travel planning			10,000,000			
Strategic cycling route			7,303,000			
A45 by pass road			30,000,000			
A45/M45 Thurisaton Interchange			61,000,000			
A5/A428 Halfway House Roundabout			1,000,000			
Norton Lane / A361			600,000			
					199,924,050	

**PROFESSIONAL FEES**

Architect		7.00%	34,933,200			
					34,933,200	

**MARKETING & LETTING**

Marketing		2.00%	13,061,763			
					13,061,763	

**DISPOSAL FEES**

Sales Agent Fee		1.00%	8,660,602			
Sales Legal Fee		0.25%	2,165,151			
					10,825,753	

**MISCELLANEOUS FEES**

Profit on private		17.50%	114,290,422			
Profit on affordable		6.00%	10,065,797			
Profit on commercial		15.00%	6,175,845			
					130,532,065	

**TOTAL COSTS BEFORE FINANCE**

**991,653,220**

**FINANCE**

Timescale	Duration	Commences
Pre-Construction	12	Sep 2025
Construction	168	Sep 2026
Sale	168	Jul 2027
Total Duration	190	

  

Multiple Finance Rates Used (See Assumptions)			
Land		21,999,658	
Construction		74,362	
Total Finance Cost			22,074,019

**TOTAL COSTS**

**1,013,727,239**

**PROFIT**

**(147,667,023)**

**Performance Measures**

Profit on Cost%	-14.57%
Profit on GDV%	-17.05%
Profit on NDV%	-17.05%
IRR% (without Interest)	N/A

**APPENDIX 4 – LODGE FARM – REVISED APPRAISAL (BLV AS AN INPUT COST, 10 YEAR DEVELOPMENT PROGRAMME)**

Lodge Farm  
Full policy and planning obligation requirements  
BLV input as a land cost (10 year programme)

**Lodge Farm  
Full policy and planning obligation requirements**

**Appraisal Summary for Phase 1 Homes England**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales	Adjustment	Net Sales
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Employment floorspace	1	172,224	200.00	34,444,800	34,444,800	0	34,444,800
Community floorspace	1	16,146	250.00	4,036,500	4,036,500	0	4,036,500
<b>Totals</b>	<b>2,683</b>	<b>2,927,440</b>			<b>866,060,216</b>	<b>0</b>	<b>866,060,216</b>

**NET REALISATION** **866,060,216**

**OUTLAY**

**ACQUISITION COSTS**

Fixed Price	63,030,000						
Fixed Price (633.00 Acres @ 99,573.46 /Acre)			63,030,000				
				63,030,000			
Stamp Duty		5.00%	3,151,500				
Agent Fee		1.00%	630,300				
Legal Fee		0.80%	504,240				
					4,286,040		

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost	
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Community floorspace	16,146	150.00	2,421,900	
<b>Totals</b>	<b>2,927,440 ft<sup>2</sup></b>		<b>374,603,513</b>	
Contingency		5.00%	25,479,064	
				400,082,578

**Other Construction Costs**

Future Homes Standard		3.20%	11,282,586			
External works		15.00%	52,887,120			
On site plot infrastructure	2,680 un	25,000.00 /un	67,000,000			
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**Municipal Costs**

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A45/M45 Thursaton Interchange			61,000,000			
A5/A428 Halfway House Roundabout			1,000,000			
Norton Lane / A361			600,000			
					199,924,050	

**PROFESSIONAL FEES**

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**MARKETING & LETTING**

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**DISPOSAL FEES**

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**MISCELLANEOUS FEES**

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Profit on affordable		6.00%	10,065,797			
Profit on commercial		15.00%	6,175,845			
					130,532,065	

**TOTAL COSTS BEFORE FINANCE**

**991,653,220**

**FINANCE**

Timescale	Duration	Commences
Pre-Construction	12	Sep 2025
Construction	120	Sep 2026
Sale	120	Jul 2027
Total Duration	142	

  

Multiple Finance Rates Used (See Assumptions)			
Land		17,445,603	
Construction		57,673	
Total Finance Cost			17,503,276

**TOTAL COSTS**

**1,009,156,496**

**PROFIT**

**(143,096,280)**

**Performance Measures**

Profit on Cost%	-14.18%
Profit on GDV%	-16.52%
Profit on NDV%	-16.52%
IRR% (without Interest)	N/A